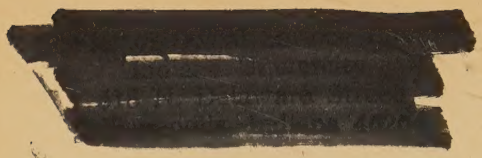

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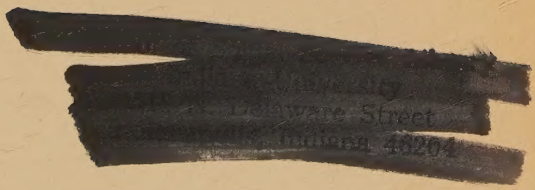

OLD AGE DEPENDENCY

IN THE

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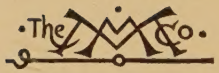

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OLD AGE DEPENDENCY
IN THE
UNITED STATES

A COMPLETE SURVEY OF THE PENSION MOVEMENT

BY

LEE WELLING SQUIER

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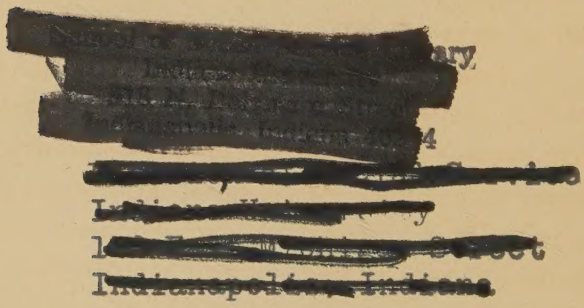

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PREFACE

THIS book is primarily the outcome of an attempt to find an answer to the query that sooner or later comes into the mind of every practical insurance man, in field or office, "Why do not working people purchase annuities, — the simplest, surest and safest means of providing against want in old age?"

Answers to this query from representative individuals in the various classes of wage-earners expressed uniformly this sentiment: "It is hard enough to keep soul and body together day by day. How, then, can we make any provision for the future?"

The investigation was then directed to ascertain whether this sentiment was expressive of individual improvidence and pessimism, or was descriptive of a universal condition. If the latter, then what is being done by employers of labor and through legislative channels to remedy this deplorable condition?

Public, collegiate and technical libraries gave little light on this subject. Current literature was all but silent, except for an occasional magazine article or newspaper reference to some corporation pension plan.

Hundreds of letters — in all nearly two thousand — were addressed to corporations, employers, states,

cities and other sources of possible information. From the ready and courteous replies received, information was at hand showing the trend of the whole pension thought in America.

This book attempts to summarize that thought and present it in such form as that it will be available to all who may be interested in the solution of one of our greatest national problems, — now economic and industrial, but rapidly becoming political.

The writer disclaims any bias towards socialism, either as dogma or practice. If his conclusions do not sustain this disclaimer, it is because the logic of the facts disclosed in his investigations is inexorable.

To every one of the large number of those who have so kindly furnished him information during the many months this investigation has been carried forward, the author expresses profound gratitude; for they have enabled him to assemble their individual thoughts and recount their commendable efforts as pioneers in leading the way to the ultimate goal for every man and woman in America, — an old age free from dread and want.

PHILADELPHIA, December, 1911.

CONTENTS

PART I

DEPENDENT SUPERANNUATION

	PAGES
EXTENT AND COST	3–17

PART II

CAUSES OF OLD AGE DEPENDENCY

CHAPTER		
I.	MISFORTUNE	24–38
II.	LOW WAGES	38–50

PART III

EFFORTS AT RELIEF

I.	LABOR ORGANIZATIONS	55–66
II.	FRATERNAL BENEFIT SOCIETIES . . .	67–71
III.	INDUSTRIAL ESTABLISHMENTS	72–108
IV.	TRANSPORTATION COMPANIES	109–138
	A. Steam Railroads	110–128
	B. Electric Lines	128–136
	C. Steamship Companies	136–138
V.	TEACHERS' RETIREMENT FUNDS . . .	139–192
VI.	MUNICIPAL PROVISIONS	193–228
	A. Police Pensions	194–211
	B. Firemen's Pensions	211–222
	C. Other Municipal Employees . . .	223–228
VII.	GOVERNMENT PENSIONS	229–235

PART IV

PLANS FOR PREVENTION

CHAPTER		PAGES
I.	THRIFT	245–261
II.	PENSIONS BY PURCHASE	262–294
	A. Insurance Companies' Annuities	263–270
	B. Deductions from Wages	271–282
	C. State Annuities	283–294
III.	PENSIONS FOR SERVICE	295–324
	CONCLUSION	324–338
	APPENDICES	339–347
	A. A Bill to Provide Old Age Pensions	339–343
	B. A Bill to Organize an Old Age Home Guard in the United States Army	344–347
	INDICES	349–361

FOREWORD

Mr. Squier's book, "Old Age Dependency in the United States," is much the most comprehensive and discriminating presentation of the subject which has come to my notice. It is most timely, in view of the increasing interest in the subject.

The evidence here collected, that there is here a great and growing volume of distress, due to the infirmities of age, will, no doubt, administer a shock to many complacent citizens. Such will also be disappointed to learn that we are making use of the most haphazard, expensive and least efficient methods of providing for the same, most of which have been abandoned in the leading European countries and in Australia and New Zealand after due trial. Want of information on the subject and the great opportunities afforded the individual in this country have obscured the fact that so many of our people reach old age without provision for their support.

These unfortunates — what irony it is to call men and women who live long "unfortunates!" — often find themselves in this plight, because out of their small incomes they have generously responded to the

call of duty in caring for families, providing for education of children and the like. Many others, who were sparing in expenditure in order to provide for old age, have been defeated by unwise investment, failure of banks or insurance companies, unsuspected forfeiture conditions or some other catastrophe.

In the account of what is being done in the United States is found the germ of three entirely distinct methods of making such provision, each of which has been much more developed and on a much larger scale in other countries : —

1. By a "service pension," freely granted by employers or by the state to workingmen who, having fulfilled the conditions, reach a certain age. When such pensions are paid by the state, they are "service pensions," even though not granted when the income from other sources exceeds a certain amount, for in that case it is assumed that the state has already indirectly supplied the support for old age.

2. By a "compulsory" system of contribution to a pension fund. Such compulsion is exercised sometimes by employers or by municipalities or other departments of the state. Usually the employer or the state or both also make contributions in the last-mentioned form. This is a well-known branch of the "social insurance" of Germany. Such funds are, upon actuarial investigation, usually found to be insolvent, that is, not to contain sufficient amounts,

so that together with future contributions and interest they will finance out. This technical insolvency may not be important if state or national compulsion is behind the insurance.

3. By encouraging the purchase of old age annuities. This is usually done by the employer or the state or both offering a subsidy in the form of paying a portion of the contributions, guaranteeing a higher rate of interest than could otherwise be secured, assuming responsibility for the custody and investment of the funds, without charging for expenses, or by a combination of two or more of these. This, being voluntary, works in a haphazard manner, and under it experience shows that no provision is made for those for whom provision is most needed.

All of these fundamentally different methods, with many variations of the same, as they are found in practice, are briefly outlined in this book, and the further suggestion that wages might be increased so that workmen may make voluntary provision for old age, without neglecting the duties now imposed by the present standard of living, is also considered. It has not been shown, however, that in countries where wages are highest, a smaller proportion of workingmen are dependent in old age. On the contrary, the proportion is believed to be less in France than in Great Britain, though wages are higher in Great Britain.

These and many other considerations which are not presented as arguments in this book are necessarily suggested, together with many others, by the facts and immediate inferences from the facts, and in the solution of such problems which must inevitably come before employers, associations of workingmen and state and national legislatures, this impartial compilation of facts, figures and principles will certainly be of great utility.

Not the least valuable of its features is the interesting and even entertaining manner in which all this valuable information is imparted.

MILES M. DAWSON.

PART I

DEPENDENT SUPERANNUATION

OLD AGE DEPENDENCY IN THE UNITED STATES

PART I

Dependent Superannuation

Extent and Cost

It is estimated that there are 18,000,000 wage-earners in the United States. There are approximately 1,250,000 former wage-earners who have reached the age of sixty-five years in want and are now supported by charity, public and private. In round numbers, it is costing this country $220,000,000 a year for the support of this great host of worn-out toilers.

Magnitude is best realized by comparison. At the battle of Gettysburg, there were approximately 157,000[1] men engaged. At the battle of Waterloo, there were approximately 282,000[2] men on the field. The standing army of France numbers 610,000; that of Germany about the same; that of Russia about 1,226,000.[3] The British army, consisting of regulars and reserves, numbers 377,000; including the auxil-

[1] "Ency. Brit.," 11th ed., Vol. XI, page 912.
[2] *Ibid.*, Vol. XXVIII, page 373.
[3] *Ibid.*, Vol. II, page 610.

iary and colonial forces, Great Britain has 1,340,000 men trained to defend her world-wide empire.[1] The worn-out, indigent veterans of the industrial army of the United States outnumber the largest standing army of the greatest military nation in the world; and the cost of maintaining this helpless mass of dependents averages more than two dollars annually for each man, woman and child in this country.

With a population of 80,000,000, it would not seem extravagant to place the cost to-day at upwards of $100,000,000. But these figures represent only a fraction of the real direct cost of maintaining the poor and dependent. The multiform expenditures of private charity; the endowments of hospitals and homes for the poor, the infirm, the sick, the aged; funds dispensed through the agency of churches, salvation armies, and semi-benevolent societies; contributions made at street corners of cities and in response to solicitations from door to door; the promiscuous giving everywhere without investigation, system, or record, — these probably constitute, in the aggregate, a larger item, perhaps many times larger, than that which is represented by poor rates.[2]

No more serious problem confronts any military nation of Europe than this which confronts the peaceable, industrial people of the United States.

These figures are only approximate, as reliable statistics relating to this problem have not been compiled. They are based largely upon the report of the Commission on Old Age Pensions, Annuities and Insurance to

[1] "Ency. Brit.," 11th ed., Vol. II, page 610.
[2] Lewis, "State Insurance," page 20.

the General Court of Massachusetts, under date of January 15, 1910 (page 22). This Commission was appointed by legislative authority and was supplied with public funds for making a thorough investigation into the living conditions of the population of Massachusetts, over sixty-five years of age.

The Commission reports 177,000 persons in the state of Massachusetts sixty-five years of age and over. Of these, 135,788 are classed as "non-dependent," though, as the Commission says (page 45): —

> The line between the dependent and the non-dependent poor cannot be drawn sharply. It is not to be understood that no person who has received any outside assistance whatever has been included in this class of non-dependent aged poor. Occasional aid from relatives, friends, or neighbors, or even from a church, society, or settlement, has not been considered to constitute dependency in the proper sense. Only assistance received through the regular channels of charity, public and private, has been taken into account in determining the inclusion of a doubtful case in the non-dependent class.

Taking the Commission's view of the matter, as amply sustained by its careful researches, it appears that there are 41,212 people in the state of Massachusetts, sixty-five years of age and over, who are dependent upon charity. Using the Commission's table as a basis and computing the dependent population throughout the United States, sixty-five years old and over, the classification of the dependent popula-

tion over sixty-five and the cost of its maintenance may be represented in the following table: —

TABLE I

DEPENDENT POPULATION SIXTY-FIVE YEARS OLD AND OVER

How Provided For	Mass.	U. S.	Annual Cost.	
			Mass.	U. S.
1. In Correctional Institutions .	556	15,180	(Not given)	(No estimate)
2. In Insane Asylums and Hospitals .	1,961	53,544	(Not given)	(No estimate)
3. In Almshouses .	3,480[1]	95,128	$693,076.80	$18,973,279.60
4. In Benevolent Homes . .	2,598	71,024	783,556.80	21,420,838.40
5. By Public Outdoor Relief .	3,075	83,996	189,900.00	5,181,081.37
6. By Private Outdoor Relief .	2,312	63,112	320,998.00	8,734,700.80
7. By United States Pensions . . .	27,230[2]	744,188	4,192,875.00	114,590,068.24
Totals . . .	41,212	1,123,172	$6,180,406.60	$178,899,968.41

[1] The Commission gives this number on pages 22, 29 and 31 of its Report; and on pages 35, 36, 44 *et seq.*, the number is given as 2474. For conservative comparison, the smaller number is used as an approximately correct basis.

[2] While it is true that in the Southern states there are few "United States" pensioners, there are thousands of "Confederate States" pensioners. (*Vide* pages 207–208.) From statistics furnished by a few of the Southern states, there is every reason to conclude that the basis here given for computing the "war" dependents throughout the nation is conservative.

The figures in the above table are sufficiently startling to need no comment. It may be questioned by some, however, whether the proportion of indigent, aged people in Massachusetts will fairly be maintained throughout the United States, — the ground of this criticism being that Massachusetts is largely an industrial state and, therefore, shows a much larger percentage of aged indigents to the general population than will be found in the agricultural states. The ground of this criticism, however, is necessarily temporary in view of the trend of the population from agricultural districts to manufacturing centers noticeable throughout the entire country. Henry Gannett in his article on "The Population of the United States," in the *National Geographic Magazine* for January, 1911, comments on this subject, as follows (page 43) : —

> In every state the urban element, defining it as above, has grown more rapidly than has the rural element, or the remainder of the population, in a number of cases many times as rapidly. Thus, in New York, while its cities have increased 42 per cent, the rural element has grown only 2 per cent; in Massachusetts the corresponding proportions are 32 per cent and 4 per cent, and in Ohio 48 per cent and 1 per cent. The cities have shown a very rapid growth, ranging from 141 per cent in Oregon and 140 per cent in Washington, down to 13 per cent in Kentucky and 14 per cent in Delaware and Maryland.

Mr. Gannett also shows, by a table of percentage of

increase in population among cities throughout the United States, that there were thirty-eight cities in 1900 having 100,000 or more inhabitants each; while the number of such cities in 1910 has grown to fifty (page 44). Some of these cities have made a remarkable increase of population, — Birmingham, Alabama, 245 per cent; Los Angeles, California, 212 per cent; Seattle, Washington, 194 per cent; Spokane, Washington, 183 per cent; Portland, Oregon, 129 per cent; Oakland, California, 124 per cent; etc. It cannot, in view of these facts, be doubted that the problem of the indigent poor, as thoroughly investigated in Massachusetts, is rapidly becoming nation wide.

Again, some one may question the estimate contained in Table I of the almshouse population in the United States, viz., 95,128 in 1909; the basis of this question being found in the number of almshouse population above sixty years of age, as given in the report of the Census Bureau of the United States government, for 1904, showing 69,106 as against the estimate of 95,128.[1] It will appear from this comparison that Table I shows an increase of 26,022 paupers sixty-five years old and over in almshouses throughout the country in the six years from 1903 to 1909. That this increase is not exaggerated will

[1] "Paupers in Almshouses," page 22.

be shown from a consideration of the fact that the Census Bureau tables [1] show that there were, in 1903, 1372 paupers in almshouses, in Massachusetts, above the age of sixty-five years. The Massachusetts Commission gives, as per Table I, the number in 1909, in almshouses in the state, of the same age, 2474, showing an increase of 80 per cent in the six years under consideration.[2] Sixty-five per cent increase, therefore, of the total population in almshouses throughout the country in 1904 — 69,106 — would show an increase of 26,918, bringing the total number up to 96,024 instead of 95,128, as contained in Table I for representing the almshouse population in the United States, above sixty-five years of age. The Census Bureau points out [3] a decrease of paupers in almshouses per 100,000 of the population from 116.6, June 1, 1890, to 104.4, December 31, 1903. It is not to be presumed, however, because of this showing, that pauperism generally is decreasing in the United States. The Census Bureau report comments on this phase of the question, as follows: [4] —

[1] "Paupers in Almshouses," pages 138–139 and 142–143.

[2] Inquiry into the growth of almshouse population in some of the Western agricultural states, however, shows that 80 per cent increase for the six years under review may be too high. From comparative data at hand, 65 per cent may be taken as conservative for the country at large.

[3] "Paupers in Almshouses," page 7.

[4] "Paupers in Almshouses," page 8.

In earlier times the almshouses were the ordinary institutions for the care of unfortunates of nearly every class. A gradual segregation has been going on, and thousands who formerly would have sought the almshouse as the only refuge are being distributed among hospitals for the sick or for the insane, schools for the feeble-minded or the deaf and blind, children's homes, colonies for epileptics, and a multitude of variously named benevolent institutions. This more humane classification is still in progress and tends further to weed out the almshouse population. More adequate legislation governing almshouses and better methods of administration have also contributed toward a diminution of the almshouse population. Finally, recent years have witnessed an extraordinary development of rationally organized charity work, chiefly of a private nature, which has striven with telling effect to make the poor self-helping and to distribute destitute children among families, thus saving so far as possible the dependents from institutional life. In this connection, it is worthy of note that in states with the best-equipped systems of organized private charity the pauper ratios have decreased, notwithstanding the fact that some of these states contain the largest urban centers in the country.

Another question may arise in studying Table I: Whether the basis for United States pensioners in Massachusetts holds good for the country at large. That this question may be dismissed without misgivings is apparent from the fact that the total number of pensioners in the United States on account of all wars is 951,687, for the fiscal year ending June 30, 1908, with a total disbursement for that year of $153,093,086.[1] It may be presumed, there-

[1] "Ency. Brit.," 11th ed., Vol. XXI, page 122.

fore, in the absence of a careful compilation by states, that the total number of pensioners over sixty-five years of age, and the total amount disbursed on their behalf, is approximately correct, as stated in the table. Especially is this true in view of the fact that it is altogether unlikely that there are many men drawing pensions for injury or service in the Civil War who are now, after a lapse of forty-six years from the close of that war, less than sixty-five years of age.

The report of the Commissioner of Pensions for the fiscal year ending June 30, 1910, shows (page 11) that the total number of pensioners at that time was 921,083 and the total amount paid that year in pensions, $159,947,056.08. It also appears from that report that there were, at that time, 562,615 survivors of the Civil War, whose average age is about seventy years. The estimate, therefore, in Table I, that the United States government is providing by pensions for 744,188 people above sixty-five years of age, at an annual cost of $114,590,068.24, is certainly conservative.

Another fact with reference to the above table should be mentioned, viz., that 15,855 people upwards of sixty-five years of age who are the recipients of state and military aid and soldiers' relief under the laws of Massachusetts are not included; for the reason that, while a few other states report similar

laws, the larger number have made no such provision for indigent soldiers above sixty-five years of age, independent of or in addition to grants through the Pension Bureau of the United States. Had all other states as liberal provisions for this class of dependents as are on the statute books of Massachusetts, the number of aged dependent poor maintained by charity throughout the United States, as indicated by the above table, would be increased by 420,892.

Taking all these facts into consideration, the above table may be considered as fairly representing the magnitude and cost of the dependent population of the country, sixty-five years old and over.

TABLE II

WEEKLY INCOMES AND EXPENSES OF NON-DEPENDENT AGED POOR

	Average Income from all Sources	Average Expenditure for all Purposes	Percentage of Those Receiving Income from Special Sources		
			From Savings	From Relatives	From Pensions
Individual males . .	$7.32	$6.26	36.1	36.1	15.5
Individual females .	4.50	4.28	44.0	57.0	9.4
Couples	11.70	9.32	55.3	29.0	19.5
Families	13.24	12.00	58.7	12.4	32.3

It must be borne in mind, however, that, as expressed before, the large class of non-dependent poor is but faintly removed from the class of dependent poor. The facts as gathered by the Massachusetts

Commission above referred to, and contained in tables in the published report on pages 43 and 44, may be summarized in the preceding table, showing the weekly incomes and expenses of non-dependent aged poor.

From the above table, it will be seen that the many thousands of comparatively well-to-do aged people may, by the slightest slip of luck or fortune, become absolutely dependent on charity. With the average weekly income of $7.32 for males and $4.50 for females, and average expenditures respectively $6.26 and $4.28, and with such a large proportion of the income from sources other than that of weekly wages, one can readily appreciate that it is but a step from poverty to pauperism after the sixty-fifth birthday is passed. The Massachusetts Commission has emphasized this fact further in pointing out (page 55) that only 12.5 per cent of the inmates of the almshouses in that state are able to work; and only 5.3 per cent of those maintained in benevolent homes are able-bodied. Among the non-institutional poor, the percentage of able-bodied receiving public relief is but 12.9, and of those receiving private relief 9.8. Among the non-dependent poor, 46.6 per cent are not able to work. Should their income from private sources be curtailed or cut off, they must necessarily go over at once to the class of dependent poor. That this income may easily be cut off is

apparent from the fact that among the institutional and non-institutional aged poor in Massachusetts, only 7.7 per cent have adult children or relatives able to aid them financially. Remove such aid by death, misfortune, or non-employment, and the aged relative, who has been dependent upon it to keep him from the poorhouse, is inevitably and irrevocably plunged into the abyss of the dependent poor.

From all these considerations, it must be apparent that the estimate in Table I of a million and a quarter dependent poor, above sixty-five years of age, in this country, is not extravagant. Congressman Berger of Wisconsin, in a speech before the House of Representatives at Washington, August 7, 1911, estimates, on data furnished by the Census Bureau, that the possible pensioners above sixty years of age in this country number 2,675,000,[1] which is a further indication that the number of dependents above age sixty-five as given in Table I is conservative. It is true that this condition is not as hopeless or as startling as that in Great Britain. Old age dependency is very much more marked in England than it is in this country. In Massachusetts, the paupers sixty-five years old and over are only 31.7 per thousand of the population of the same age; in the United Kingdom, the number is 172 to the thousand. It is deplorable

[1] Congressional Record, Vol. 47, No. 101, page 3913.

to our English friends that 667,000 people in Great Britain, over seventy years of age, report their individual annual income as less than $160. The condition of the aged poor in other countries of Europe is equally or more distressing.

The pen picture which Francis Herbert Stead, M.A., gives of the aged poor in England, as it was revealed to him when he took up his residence directly among them, is just as true to nature in this country as in England; and, therefore, is presented here because of its force in individualizing the facts concerning the army of a million and a quarter aged dependents in this country. Mr. Stead draws the picture thus: —

> But I did know the bitter facts of many an aged life. I knew men who had served the same firm for more than twenty years turned away at a week's notice, because they were "too old." I saw the effects of that stunning blow. I saw the almost frantic search for another job that could never be found. I saw the sickening of heart that sank into despair. Everywhere the same answer was given, couched in differing phrases, but always meaning, "You are too old to work."
>
> I saw what came of them. In some cases they went to live with a poor son or daughter. They knew they were a heavy extra charge upon the meager income of the narrow home. Yet they had to stay, until the burden could be no longer borne, or unemployment came and there was "nothing coming in" either for child or for parent.
>
> I saw old men in desperation applying for charity. I knew the galling inquisition they went through. I knew the pitiless

exposure to prying eyes of their life's nakedness. And I saw them, after this ordeal, refused the help they sought and almost thought they had obtained — refused because of some long-gone fault in early life.

I saw men who trembled for very age hawking trifles in the streets, and tottering on through mud and sleet and icy wind. I saw men slowly wither up, body and soul, under the blighting sense that they were wanted nowhere, and a burden everywhere.

When he is forsaken,
Withered and shaken,
What can an old man do but die?

Only those who have seen it can conceive the misery of the poor old fellow who finds that society has no longer any use for him, who feels he is done with and done for. Manly old men come to me, with tears running down their cheeks, imploring me as if I were Almighty God to have pity on them and get them work — "Anything, oh, anything, no matter what it is, to keep me from the workhouse!" [1]

While it may be some consolation to the statesmen and sociologists in America that the condition of the aged poor on this side of the Atlantic is not as deplorable as on the other side, yet the fact remains that the American nation is face to face with a stupendous problem: Hundreds of thousands of working people already across the border into helpless and hopeless superannuation, tens and hundreds of thousands more now pressing the border line; and the great mass of American working people looking down

[1] "How Old Age Pensions Began to Be," page 5.

the vista of the years to possible dependence upon charity during their last few years on the earth; with millions of money being spent annually for the relief of this condition and very little for its prevention. Certainly the old age dependency problem in the United States is worthy of the most serious thought and determined action of the entire nation.

PART II

CAUSES OF OLD AGE DEPENDENCY

PART II

Causes of Old Age Dependency

The first problem in relation to old age dependency is the discovery of its cause. If one person in ninety-two having to do with a machine becomes disabled and dependent to the extent that, in the later years of his life, each of the other ninety-one of his associates pays directly or indirectly, voluntarily or compulsorily, two dollars per year for his support, then certainly it is wisdom on the part of these ninety-one to ascertain what is wrong with the machine; especially if there is a strong probability that many of them will, in time, likewise become disabled and dependent.

Here is a great industrial mechanism engaging the daily activities of ninety-two millions of people, — at the forge, loom, spindles; in the field, shop, factory; along the lines of manufacture, trade, commerce; upon land and water, — a great machine designed for the general welfare and growing more and more intricate and involved as the resources of the country develop and the population increases, —

a machine at which each individual of the ninety-two millions has his post, designated either by choice or circumstance. The results of the operation of the machine are that many are prosperous, happy, contented; some are restless, moody, impatient; while to a few — and their number seems increasing — this machine is a veritable Juggernaut, affording opportunities of amusement, entertainment, enjoyment to the great mass, but hurling aside as disabled, distraught, dependent at least one in ninety-two of its operatives.

What is this defect of the machine and can it be remedied? There are those who claim that the machine is now as nearly perfect as human ingenuity or experience can make it; or that, in the process of further evolution, its imperfections will naturally be eliminated. There are others who take a "bitter-sweet" view of the great industrial machine, — "That there may be life, something must die"; that it is inevitable that prosperity and adversity, joy and sorrow, life and death, must coexist; that to eliminate the shadows and have only sunshine in the industrial world is to anticipate the Millennium. This has been largely the theory of poets, novelists, preachers and lawmakers. Upon this theory social workers and charity folk have gone about on their Good Samaritan errands. But the trend of thought among

scientific, practical investigators now is that misery is not a necessary evil; and, whether the result of disease or poverty, can and should be removed.

It is true that statistics relating to the cause of helplessness in old age must deal necessarily with general outward circumstance rather than with individual mind and heart conditions. Professor Devine has given expression to this thought thus: "Remorse over some past misconduct, the total failure of some high ambition, disappointment in love, the loneliness which comes from the inability to make friends, the silent anguish of a parent's broken heart, and a vast number of other such experiences which are familiar enough, do not readily lend themselves to social investigation or to conscious remedial social endeavor." [1]

It would be interesting, but manifestly impossible, to discover the psychological cause of dependence in old age, which, after all, may be primary in a majority of instances; loss of home, friends, savings or employment, sickness, accident, or other misfortune being given as an excuse for the real cause of dependency, — loss of mental grip and surrender to mental forebodings. "The pauper is the victim of poverty who surrenders, and when he surrenders, the capitulation is abject, absolute, and unconditional; having acquired the hated badge, he is content to

[1] "Misery and Its Causes," page 4.

wear it for life and to bequeath it to his children." [1] However, the statistician cannot take into account other than incidentally mental attitudes. He is necessarily and always exclusively confined to external circumstances and conditions.

1. *Misfortune*

There are indications everywhere that the economic world now recognizes that dependency in old age is a misfortune, as Professor Devine so well puts it: —

> The question which I raise is whether the wretched poor, the poor who suffer in their poverty, are poor because they are shiftless, because they are undisciplined, because they drink, because they steal, because they have superfluous children, because of personal depravity, personal inclination, and natural preference; or whether they are shiftless and undisciplined and drink and steal and are unable to care for their too numerous children because our social institutions and economic arrangements are at fault. I hold that personal depravity is as foreign to any sound theory of the hardships of our modern poor as witchcraft or demoniacal possession; that these hardships are economic, social, transitional, measurable, manageable. Misery, as we say of tuberculosis, is communicable, curable, and preventable.[2]

What, then, are the misfortunes that have brought the aged to helpless dependency? In Massachusetts, it appears that 37.9 per cent of 14,988 aged poor had property above debts at some time in their

[1] Frank W. Lewis, "State Insurance," page 18.

[2] "Misery and Its Causes," pages 11–12.

lives; of those having owned property, 23.3 per cent claimed a value of five hundred dollars or less; 22.8 per cent, a value of five hundred dollars to one thousand dollars, and 53.9 per cent owned property at some time in their lives valued at over one thousand dollars.[1] It appears from the same report, that 56.1 per cent of 14,988 old people now receiving aid in Massachusetts have lost their property.[2] The Massachusetts Commission reports that 60.1 per cent of the old age dependent property losers in that state attribute their loss to extra expenses on account of sickness and emergencies; 25.4 per cent to business failures and bad investments; 6.2 per cent to intemperance and extravagance; fraud, 5.1 per cent; and fire, 3.2 per cent.[3] In the absence of reliable statistics on this phase of the question generally, these percentages for Massachusetts must be accepted as fairly representative of the unfortunate old age dependents throughout the country at large; especially, in view of the fact that good authorities make a general estimate that 72 per cent of existing pauperism throughout the United States is attributable to misfortune.[4]

[1] "Report of Commission on Old Age Pensions, Annuities and Insurance," page 73.

[2] *Idem*, page 74.

[3] *Idem*, pages 57–58.

[4] A. G. Warner, "American Charities," page 46.

Frequently the loss of property is the direct result of accident or illness. It must be borne in mind that workingmen's compensation for accidents has but recently been introduced into this country and is not yet extensively provided for by law. According to the mortality statistics for 1908, published by the United States Census Bureau, there were 19,970 fatal accidents to wage-earners in that year.[1] Mr. F. L. Hoffman estimates the number of non-fatal accidents during the same year at 2,000,000.[2] However, Mr. Seager [3] estimates that there are not less than 30,000 fatal accidents among wage-earners every year in this country; as a result of which, 20,000 families are reduced to destitution: and that, in consequence of these accidents, some 15,000 widows and 45,000 children are forced to accustom themselves to a hand-to-mouth existence, which necessarily crowds employments where competition is keenest and wages are lowest.

If, instead of resulting fatally, the accident merely incapacitates the wage-earner for continuing work in his trade, the consequences are almost as bad. In this event, he, too, may be forced to seek work in those unskilled employments where earnings are lowest. Some wage-earners meet this situation with no loss in independence and self-respect. Many more

[1] Seager, "Social Insurance," page 26.

[2] Bulletin of the United States Bureau of Labor, No. 78, September, 1908.

[3] "Social Insurance," page 15.

sink under their misfortunes and in time adopt the standards — or lack of standards — of the casual laborers with whom they have to compete. When we consider the large number of accidents that result in permanent disability, we must recognize that the annual quota that they contribute to the army of the standardless lowest class is as large, if not larger, than the quota due to fatal accidents. In the aggregate, industrial accidents in the United States cause a lowering of standards of living for probably not less than 100,000 persons every year.[1]

In a "Report on National Vitality: Its Wastes and Conservation," which Professor Irving Fisher prepared in 1909 for the National Conservation Commission, he estimates that the average number of persons disabled by illness for any one day in the United States is 3,000,000; and that 1,000,000 of these are in the working period of life. From this, Professor Fisher figures out that $500,000,000 are the minimum loss in earnings on account of illness. That this is not far from correct may be ascertained readily from the fact that the United States Bureau of Labor has estimated that twenty-seven dollars per annum is the amount which each laborer in the United States must pay out on the average for medicine. The 18,000,000 of wage-earners in the United States, therefore, pay annually for medicine alone, during accident and illness, $486,000,000. This does not include doctors' fees; nor does it include bills on

[1] "Social Insurance," page 16.

account of death and burial. Professor Fisher estimates that labor's wages each year in the United States are taxed in loss of earnings and expenses on account of illness and death fully $1,000,000,000. Other authorities place this cost to labor at not less than $3,000,000,000 annually.[1]

How quickly, therefore, before this avalanche of misfortune on account of sickness do the small savings of the average wage-earner disappear. It has been ascertained that, in a typical savings bank in Massachusetts, the average deposit of wage-earners — a provision for the proverbial rainy day — was less than seventy-five dollars.[2]

It would be important to discover how much of the accumulated property, personal and real, of those who are now aged dependents has disappeared because of the misfortune of sickness and death in the family, leaving the ashes of disappointment and helpless dependence.

It is notable that, after the age of sixty has been reached, the transition from non-dependence to dependence is an easy stage, — property gone, friends passed away or removed, relatives become few, ambition collapsed, only a few short years left to live, with death a final and welcome end to it all, —

[1] "Social Insurance," page 45.

[2] Massachusetts Bureau of Labor Statistics, Third Annual Report, pages 304, 313, 318, and 325; also Fourth Annual Report, page 192.

such conclusions inevitably sweep the wage-earner from the class of hopeful, independent citizens into that of the helpless poor.

Such financial misfortunes are usually accompanied with dire physical disease. Thus the United States Census Report on Paupers in Almshouses [1] shows that 79 per cent of the total population of the country in almshouses is physically and mentally defective. It may be remarked that this is a much lower percentage than that shown by the Massachusetts Commission,[2] viz., 93.8 per cent; that that report also shows that only 12.5 per cent of the almshouse population in Massachusetts are able-bodied.[3] The wholly incapacitated of the dependent poor in Massachusetts in benevolent homes reaches the higher percentage of 85.2; those on account of sickness, 71.6 per cent; those on account of accident, 13.4 per cent. The Commission makes comment on this finding, "The well-known fact that sickness is productive of poverty and dependency is strongly emphasized by these figures." [4]

From time immemorial, one of the misfortunes most feared by the laboring class is that of unem-

[1] Page 35, Table 36 on page 182.

[2] Report of the Commission on Old Age Pensions, Annuities and Insurance," page 55.

[3] *Idem*, page 55.

[4] *Idem*, page 56.

ployment. "Why stand ye here all the day idle?" — "Because no man hath hired us," presents a picture in Biblical times which has been reproduced in all ages and countries throughout labor's history. The laborer must have shelter, food and clothes for his idle days as well as for other days; but rarely is the rate of wages fixed so as to cover days of enforced rest or absolute loss of employment.

The Pennsylvania Bureau of Industrial Statistics reports that "in forty-seven industries investigated, the percentage of time during which the men were out of work varied from fifteen in 1893, to three in 1898. The New York Bureau of Labor Statistics exhibits the rate of unemployed among organized workmen (where it is usually less than among the unorganized), from 1897 to 1901, as varying from nine per cent to twenty-five per cent." [1] Mr. Charles B. Spahr says that "it is a prosperous year indeed when the average wage-receiver aggregates forty-four full weeks of employment." [2] The percentage of loss of time would thus be fifteen. Mr. Levasseur estimates that this percentage is about ten in ordinary circumstances.[3] Professor Scott Nearing [4] is inclined

[1] Ryan, "A Living Wage," page 148.

[2] "Present Distribution of Wealth in the United States," pages 100–101.

[3] "The American Workman," page 399.

[4] "Wages in the United States," page 213.

to the opinion that the loss in wages owing to non-employment is more nearly twenty per cent per annum than ten, although absolute data are not yet available. From the investigations into this subject made by the Census Bureau in the Twelfth Census Report, it is shown that 28.3 per cent of workers in manufacturing and mercantile industries were unoccupied for some part of the year, — 46.5 per cent of these losing from one to three months, 42.2 per cent from four to six months, and 11.3 per cent from seven to twelve months.[1]

Irregularity of employment is, of course, accounted for, to some extent, by the fact that a large number of occupations are "seasonal." The Bureau of Labor finds that, in the building and stone working trades in New York State, 35 per cent of the wage-earners are unemployed in January to only 10 per cent in September. There are many other occupations that show as great a range of variation. However, of 100,000 members of trade unions in New York State, there is a variation of unemployment from 15 per cent in midsummer to 5 per cent in the autumn months. The proportion of unemployed varies with the general range of industrial activity. For instance, during the depression of 1907 and 1908,

[1] Twelfth Report of Census Bureau — volume on "Occupations," page 235.

the percentage of unemployment in the winter months was thirty-five as compared with twenty for the months of November, 1907, and April, 1909. The New York State Census Report for 1905 shows that the difference between the maximum and minimum requirements of all manufacturing industries was not less than 300,000. On the basis of 900,000 persons employed, 300,000, or $33\frac{1}{3}$ per cent, were either unemployed for some time during the year, or forced to change from one employment to another. This condition of temporary dependence upon charity is very clearly brought out by the record of the Charity Organization Society in New York City, from which it appears that, in 1906–1907, 65 per cent of the new families who applied for aid had some wage-earner unemployed; and, in 1907–1908, this was true of 72 per cent of such families.[1] Concerning this crush of unemployed and its inevitable result in lowering wages and extending dependence, Professor Devine remarks:[2] —

> The calm acceptance of a situation in which surrounding every industry there is an eager and perhaps half-famished ring of unemployed, whose presence undermines the natural strength of the employed workingmen, whose lower standards threaten their standard of living, whose necessities may be played off against the otherwise successful attempts of wage-earners to increase their wages and improve their condition, is nothing else than callousness.

[1] "Misery and Its Causes," page 117. [2] *Ibid.*, page 120.

Perhaps the latest word in this study of the effect of non-employment on the wages of workingmen in this country is that given by John Mitchell in his discussion on "Modern Labor Problems," in the *Philadelphia North American*, issue of October 1, 1911, from which the following quotation is pertinent to the consideration of this phase of the problem: —

But, it will be asked, is really the encompassing direct cause of dependent poverty to-day in America unemployment? Recent reports are: The cases of five thousand families applying to the Charity Organization Society for aid being duly recorded with reference to the sources of deprivation, ten specific causes were set down as those to which disability to make a living were attributable. In more than sixty-nine per cent a factor was unemployment, though, naturally, associated with other factors — chronic disease, physical incapacity, widowhood, etc. Intemperance was a concomitant in less than 17 per cent of all these cases.

In 4325 families applying to the United Hebrew Charities for aid, there were 1348 cases of unemployment on part of the breadwinners. Of 62,851 unoccupied members of labor unions in the state of New York, at the end of March, 1910, 42,010 were out because of lack of employment. The state commission on unemployment reports that the records of charitable organizations show that a large proportion of cases of destitution is due primarily to lack of work. The Bowery Mission in two and a half years found work for only 9000 out of about 40,000 applicants; the National Employment Exchange in 1910 for only 4600 out of 24,600 applicants; the division of information, United States Bureau of Immigration, only 3812 out of 24,000.

There may have been a time when New York statistics for unemployment were not accurately suggestive as a gauge for the country as a whole. But the investigator, as a preliminary step, might profitably inquire in November at the Atlanta convention as to whether the delegates can give evidence that New York conditions in this respect are typical or not for the industrial centers in general of the United States to-day. What would necessarily be the reply of the miners, the steel workers, the building trades' laborers, the freight handlers, the railroad maintenance of way employees, the seamen, the laborers for roadway and similar contractors? What the reply of the indoor occupations — the needle workers, the mill operatives, the light metal shop hands, the factory workers in a score of national industries?

The answer is to be found in the long-contested strikes of the last few years. The mere mention of geographical names calls up heart-rending accounts of the sufferings of wage-earners who have had their bitter choice between uncomplaining insufficiency while at work and desperate straits while on strike — Westmoreland county and Bethlehem, Pa.; Grand Rapids, Michigan. Every year New York and Chicago and other large cities show the possibilities of labor disputes involving men and women by the tens of thousands. With the successive investigations of labor conditions, by the unions, by labor bureaus, by social workers, the industrial and mining centers of the country are seen to present the same general features of masses of immigrant workmen, employed and unemployed, at times weakening trade unions through competition, at times, whether organized or unorganized, breaking out in strikes, and astonishing the public with their recklessness, by their stubborn resistance, or their patient, dogged suffering.

That this army of unemployed is all too frequently increased by strikes and lockouts and is growing

everlastingly by the immigration of a vast horde annually, — unskilled, casual laborers, — is significant, but not germane to the proposition that unemployment is one of the misfortunes of the wage-earner in our country, resulting in an addition of dependency which, even though temporary, seriously impairs his opportunity and ability to provide for old age. Nor is the consideration of the introduction and application of improved machinery, whereby thousands upon thousands of more or less skilled workmen are thrown out of employment, or are compelled to change occupation with decreasing opportunities for saving against the demands of old age, particularly germane to the question. It is relevant to the issue, however, to emphasize that such compulsory change of occupation or employment as age advances very seriously augments the inability of wage-earners to provide for old age necessities. As Professor Devine so well expresses it:[1] —

> It is notorious that the insatiable factory wears out its workers with great rapidity. As it scraps machinery, so it scraps human beings. The young, the vigorous, the adaptable, the supple of limb, the alert of mind, are in demand. In business and in the professions maturity of judgment and ripened experience offset, to some extent, the disadvantages of old age; but in the factory and on the railway, with spade and pick, at the spindle, at the steel converters, there are no offsets.

[1] "Misery and Its Causes," page 125.

Middle age is old age, and the worn-out worker, if he has no children and if he has no savings, becomes an item in the aggregate of the unemployed.

It may be remarked, in passing, that there is scarcely a railroad of any considerable importance in the United States that will give any worker employment after he has passed his forty-fifth birthday. There are many industrial corporations that fix the age of forty as the maximum at which a new man will be taken on, especially in connection with the operation of machinery.

Non-employment, or loss of employment, therefore, in nearly every wage-earner's career stands as a specter of forbidding mien, with gaunt finger pointing the way to charity and old age dependency. Some of the labor organizations have tried to guard against this misfortune by providing unemployment benefits; but how sporadic and inadequate the provision is may be seen by a mere glance at Table III.

It appears from the contemplation of this phase of the problem in America that our workingmen are far behind their brothers in Great Britain in provisions for benefits against unemployment. In that country, according to a report of the Board of Trade for 1904, eighty-one of the one hundred principal unions, representing 84 per cent of the membership of these unions, paid out in unemployment benefits

TABLE III

LABOR UNIONS PAYING UNEMPLOYMENT BENEFITS

NAME OF LOCAL UNION	YEAR UNION ORGANIZED	NUMBER OF MEMBERS	YEAR BENEFIT INSTITUTED	WEEKLY BENEFITS	TOTAL AMOUNT PAID
Bakers	1891	1221	1891	$3.00	$3577
Bakers	1886	550	1904	3.50	308
Brewery workmen	1886	240	1891	3.00	198
Carpenters and Joiners, Amalgamated Society of	1860	[1]	1860	3.50 [3] 2.10 [4]	[5]
Cigar Makers' International Union	1864	[2]	1889	3.00 [6]	23,911
Lithographers	1893	144	1899	3 to 9	[1]
Lithographers	1881	64	1897	10.00	80.00
Lithographers	1904	19	1905	6–4–3	[2]
Spinners	1858	[2]	1887	[2]	[2]
Spinners	1878	[2]	1892	[2]	[2]
Textile workers (weavers)	1889	[2]	1889	[2]	[2]
Typographical Union	1852	[2]	1892	[2]	[2]

over $3,000,000, or nearly one-third of the total of $10,000,000 expended by the unions in that year. That this form of benefit is approved by trade-union sentiment is apparent from the fact that the membership of such unions as provide unemployment

[1] Not reported for United States.

[2] Not reported.

[3] For first twelve weeks.

[4] For second twelve weeks. Total benefit in one year limited to $67.20.

[5] Total not given. Seventy-seven members reported as receiving benefits in United States during one year.

[6] Not to exceed $54 in any one year.

benefits is growing more rapidly than that of unions not making such provision.[1]

2. *Low Wages*

To those who have given thought to the wage problem in America, it seems remarkable that there have ever been any considerable accumulations to the credit of wage-earners to be swept away by misfortune as old age comes on. Labor has been a commodity bought in the open market at the lowest competitive price. Mr. Lewis has well stated this.[2]

> It happens, as though through some inadvertence, that in making a contract of the greatest possible moment, both parties seem to ignore absolutely certain very important elements; the contract is made as though sickness, accidents, invalidity and old age had been permanently banished from the earth. The daily wage is sufficient only for daily necessities; a man entitled to support for a lifetime unwittingly consents to a wage based upon a portion of that lifetime; for the competition in the field of labor is among the strong, the able-bodied, the efficient; the sick, the maimed, the superannuated, are necessarily excluded.

It is a well-known maxim in economics, amounting to a right, natural, political, ethical, and universally recognized in theory, that every man is entitled to a living wage for his labor. It is unnecessary to

[1] "Social Insurance," pages 108 and 109.
[2] "State Insurance," page 7.

quote authorities on this principle. They are well-nigh universal. Only occasionally is there a Malthusian forecast that no cover shall be laid for the superfluous man at Nature's mighty feast and that She should intimate to him, on the Osler theory, that, after having passed sixty-five, he is an encumbrance and a parasite. It is a principle of the moral law, finding expression in the statutory provisions of all civilized men, that the product of the labor of a given generation must support all during that generation.[1]

The best authorities agree that six hundred dollars per annum is the minimum wage for a family of five or six in the United States in industries outside of agriculture.[2] That is to say that the necessities of the average family for shelter, food and clothing cannot be provided for on less than six hundred dollars per year.

Table IV, "Laborers' Hours and Wages by Occupations," made up from the Nineteenth Annual Report of the Commissioner of Labor, "Wages and Hours of Labor," shows the average hours per week of laborers in given occupations and the average wages per hour, week and year.

[1] F. A. Walker, "The Wage Question," page 34.

[2] J. A. Ryan, "A Living Wage," page 150; E. T. Devine, "Principles of Relief," page 35; etc.

TABLE IV

LABORERS' HOURS AND WAGES BY OCCUPATIONS (MALES)

CLASS	AVERAGE HOURS PER WEEK	AVERAGE WAGES		
		Hour	Week	Year
Brickmaking	61.18	$.1365	$8.35	$434.20
Building trades	56.39	.1675	9.45	491.14
Cars, steam railroad	59.59	.1362	8.12	412.24
Flour	60.21	.1784	10.74	551.48
Foundry and machine shop	57.11	.1585	9.05	490.60
Gas	60.00	.1544	9.26	481.52
Glass	60.00	.1566	9.40	488.80
Liquors, distilled	62.57	.1500	9.39	488.28
Lumber	61.52	.1444	8.88	461.70
Marble and stone work	56.47	.1752	9.89	514.28
Oil	60.00	.1600	9.60	499.20
Paper and wood pulp	63.20	.1595	10.08	524.16
Planing mill	59.56	.1250	7.45	386.40
Rope and twine	60.00	.1433	8.60	447.20
Shipbuilding	57.48	.1855	10.66	554.32
Slaughtering and meat packing	60.00	.1746	10.48	544.96
Soap	60.00	.1751	10.50	546.00
Street and sewers, contract work	55.85	.1926	10.76	559.52
Streets, etc., municipal work	50.50	.2027	10.24	532.48
Sugar refining	69.40	.1551	10.76	559.52
Tin plate	56.79	.1536	8.73	453.96

It will be noted that of the twenty-one classes of laborers thus tabulated, not one showed wages in the year 1903 equal to the minimum standard of $600.

Professor Ryan[1] has made a careful investigation

[1] "A Living Wage," pages 155–156.

into the problem of "underpaid laborers," — that is, adult male workers whose remuneration is less than $600 per year. He finds that of 757,856 males sixteen years old and over, employed in 44,225 establishments in one hundred and sixty-five cities, there are 407,693 who received less than $12 per week; that is to say, that 48 per cent of the male adults failed to get a living wage. Excluding from these the company officers and firm members and thereby confining the investigation to employees or wage-earners, he concludes that 51 per cent of all of these received less than $12 per week.

He also states that 84 per cent of 17,650 employees in typical establishments in the iron and steel industries received, in 1891, less than $2.01 per day; and concludes that 81 per cent of the iron and steel workers, at that time, were receiving less than a living wage. He also finds that 85 per cent of adult males employed on the railways in 1889, numbering 224,570, received less than $2.01 per day; and that 66 per cent of employees in textile, wood-working and metal-working establishments, in 1890, numbering 105,106 males sixteen years of age and over, received less than $600 a year.

Of the decade from 1890 to 1900, the report on "Manufactures" of the Twelfth Census says: "It was a time of special activity and productivity of

manufactures"; "The volume of industry had nearly reached its high-water mark"; "There has been no decade in which business conditions were so nearly alike at its beginning and at its end." The monthly bulletins of the Bureau of Labor showed that in 1889, 1890 and 1891, wages were generally higher than at any time during the decade preceding.

Professor Ryan, however, finds that of 160,267 males sixteen years old and over in typical manufacturing establishments, 64 per cent received less than a living wage in 1900. He also calls attention to the Thirteenth Annual Report of the Interstate Commerce Commission on the Statistics of Railways showing that, in 1900, of the 1,008,068 persons employed, exclusive of officers, 82 per cent received less than $2.05 per day; and that the Sixteenth Annual Report of the Commission, in 1903, shows that 72 per cent of 1,302,494 employees received less than a living wage. Professor Ryan has constructed a table showing the number of employees in various occupations, ranging from 17,650 in one occupation to 2,125,717 in another occupation, and covering the years from 1889 to 1903, in which the percentage of underpaid males runs from 51 to 85. From all of which careful investigation, the professor reaches the conclusion that at least 60 per cent of the adult male wage-earners in the United States receive less than

$600 annually; that is to say, more than 10,000,000 of the 18,000,000 of wage-earners in this country receive, on the average, less than $600 per year.

It cannot be denied that the trend of wages has been to a generally higher level in the past few years. The Commissioner of Labor, in his report for 1904,[1] concludes from the very careful investigations made under his direction that the average wage per hour in 1903 was 16.3 per cent higher than the average wage per hour during the ten-year period 1890 to 1899. It is generally conceded, however, by statisticians that the increase of wages from 1903 to 1911 is by no means equal to that reported by the Bureau of Labor for 1903. In fact, it is apparent from the most careful investigations reported that wages generally in the first decade of the twentieth century are, on the average, not more than 15 per cent higher than during the last decade of the nineteenth century. There can be no question that the increase in wages has not kept pace with the increase in cost of living. The Civil Service Association of Ottawa, Canada, made a careful investigation into the rise of commodities during the ten years from 1898 to 1907; and reports that the cost of living had increased 34 per cent during that decade.[2]

[1] "Wages and Hours of Labor," page 21.

[2] *The Labor Gazette* (Dominion of Canada), Vol. 8, page 812.

TABLE V

AVERAGE PER CENTS OF INCREASE IN COST OF LIVING SHOWN BY WHOLESALE PRICES IN CANADA IN 1909

GROUP	COMPARED WITH 1890	COMPARED WITH DECADE 1890–1899	COMPARED WITH THE LOW YEAR
Grains and fodder	28.4	49.9	85.9..1897
Animals and meats	33.6	48.6	80.3..1896
Dairy produce	29.7	33.6	48.2..1897
Fish	29.7	34.0	47.9..1892
Other foods	11.8[1]	7.6	25.0..1897
Textiles	2.8[1]	8.3	15.7..1895
(*a*) Woolens	7.3	14.2	34.2..1902
(*b*) Cottons	10.7	29.8	43.5..1898
(*c*) Silks	27.1[1]	6.8[1]	5.9..1901
(*d*) Flax products	3.2[1]	4.0[1]	22.6..1895
(*e*) Jutes	5.2	12.5	25.7..1898
(*f*) Oilcloths	27.6[1]	4.6[1]	17.6..1899
Hides, leathers, and boots and shoes	34.5	35.4	45.9..1896
Metals and implements	14.0[1]	2.1	14.9..1897
Fuel and lighting	3.4[1]	3.8	11.0..1898
Building materials:			
(*a*) Lumber	49.3	54.6	70.2..1898
(*b*) Miscellaneous building materials	23.4	35.2	41.5..1897
(*c*) Paints, oil, and glass	11.2[1]	5.7	20.9..1898
House furnishings	10.1	10.4	13.2..1896
Drugs and chemicals	6.3[1]	3.9	11.3..1899
Miscellaneous:			
(*a*) Furs	162.6	127.2	182.2..1895
(*b*) Liquors and tobacco	23.8	17.5	23.8..1890
(*c*) Sundry	8.5	21.6	33.3..1897
All	9.8	21.2	31.4..1897

[1] Decrease.

Table V, reproduced from the Quarterly Publications of the American Statistical Association,[1] brings this study of increase in prices practically down to date, the investigation having covered two hundred and thirty commodities and having been conducted by R. H. Coats, B.A., Associate Editor of the *Labor Gazette*, under the authority of the Canadian Government; and is of special importance in view of the comment made by Allyn A. Young to the effect that, "Since 1899, the movement of prices in Canada has been about midway between the movement of prices in England and in the United States."

It is agreed by statisticians who have studied the rise in commodity prices in Canada that the relative prices did not fall there on the average so low in 1897 nor rise so high in 1907 as in the United States. Consequently, it may be accepted as an incontrovertible conclusion that the relative average rise in prices of commodities in the United States, during the first decade of the twentieth century, is for the generality of commodities not less than 25 per cent.

It is agreed that, as heretofore stated, a living wage was $600 per year for the last decade of the nineteenth century; that is to say, $600 of money could be exchanged for $600 worth of the necessaries of life in that decade. If it is deemed, — and the admission

[1] Vol. XII, page 384.

seems inevitable from the above presentation of facts, — that the price of commodities has increased in this country at least 25 per cent on the whole in the first decade of the twentieth century, and the increase in labor's wages has been not more than 15 per cent, then it must be acknowledged that the increase in wages has not kept pace with the increase in the cost of living. Or, stated in another way: if $600 worth of labor was equivalent to $600 worth of the necessaries of life from 1890 to 1899, then the laboring man, in the first decade of the twentieth century, has been trying to make $690 cover $750 worth of the necessaries of life. This conclusion confirms the estimate made by Mr. Robert Hunter[1] that, "Not less than 10,000,000 persons in the United States are in poverty"; that is, "They may be able to get a bare subsistence but they are not able to obtain those necessities which will permit them to maintain a state of physical efficiency." Mr. Hunter goes on to explain "physical efficiency": "No one will fail to realize how low such a standard is. It does not necessarily include any of the intellectual, æsthetic or social necessities; it is a purely physical standard dividing those who are in poverty from those who may be said to be out of it."[2]

Professor Scott Nearing of the University of Penn-

[1] "Poverty," pages 60 and 5. [2] *Ibid.*, page 7.

sylvania presents this study of wages down to date in his new book, "Wages in the United States, 1908 to 1910," in which he concludes:[1] —

There is little variation in the average wages from state to state or from industry to industry when the various methods of compiling the state data are taken into account. Average wages range in the leading industries from four hundred to six hundred dollars, seldom rising to the latter figures except in industries like petroleum and malt liquors, for which considerable skill is a prerequisite to employment and in which males only are employed. There is a wide variation between the average in these industries and in industries like confectionery and paper box manufacturing, which employ a majority of women and in which the average annual earnings fall below four hundred dollars. In view of all the evidence, it is fair to say that the adult male wage-workers in the industries of that section of the United States lying east of the Rockies and north of the Mason and Dixon Line receive a total average annual wage of about six hundred dollars; that this falls to five hundred dollars in some of the industries employing the largest number of persons, but rising to seven hundred dollars or even to seven hundred and fifty dollars in a few highly skilled industries. That the average annual earnings of adult females in the same area is about three hundred and fifty dollars, with a very slight range in the industries employing large numbers of adult females.

Professor Nearing summarizes his studies into this problem, thus:[2] —

Here then in brief is an answer to that vital question, "What are wages?" For the available sources of statistics

[1] "Wages in the United States," page 207. [2] *Idem*, page 214.

and by inference for neighboring localities, the annual earnings (unemployment of twenty per cent deducted) for adult males and females employed east of the Rockies and north of the Mason and Dixon Line, are distributed over the wage-scale thus: —

Annual Earnings	Adult Males	Adult Females
Under $200	—	$\frac{1}{5}$
Under $325	$\frac{1}{10}$	$\frac{3}{5}$
Under $500	$\frac{1}{2}$	$\frac{9}{10}$
Under $600	$\frac{3}{4}$	$\frac{19}{20}$
Under $800	$\frac{9}{10}$	—

Three-fourths of the adult males and nineteen-twentieths of the adult females actually earn less than six hundred dollars a year.

The summaries given to the newspapers by the Census Bureau relative to compensation of workers in various classes of industry, as ascertained by the 1910 census, throw more light on the subject of the average pay of employees in the United States. The summary of occupations, number of workers and amounts paid, together with the earnings for distribution to the investors, is given in the table on the opposite page.

From the following table, it appears that the average amount received by more than 35,000,000 employees in 1910 was only $433. Doubtless the average amount is so low because of the large number of employees in agricultural pursuits whose wages include "board and keep." If the other principal lines of industry, viz., manufactures, railroads, mining, and

Industry	No. Workers Employed	Wages and Salaries	Earnings for Distribution
Manufactures . .	7,405,313	$4,365,613,000	$2,219,472,000
Railroads . . .	1,662,550	1,170,432,400	744,775,000
Mining	851,438	574,720,650	338,626,296
Mercantiles . . .	2,072,112	1,191,464,400	921,366,392
Banking	358,808	430,569,600	215,285,277
Agriculture . . .	12,561,936	2,300,993,068	2,412,855,450
Other occupations	10,558,265	5,329,848,600	3,627,199,400
Totals . . .	35,470,422	$15,363,641,778	$10,497,519,815

mercantiles, are considered in a class by themselves, it is found that the 11,991,413 employees in these classes received $7,302,230,450 per year. From this it is evident that the average compensation for all workers in these four industries is a little less than $609 per year. It must be borne in mind, however, that the "compensation" column includes wages and salaries. If the salaries paid officers and overseers could be eliminated, it would be found that the average remuneration for all wage-earners in the four principal occupations named is considerably under $600 per year.

So much for the present condition of the wage-earners in this country. The forecast of their future is thus summed up by Professor Ryan: [1] —

As to the prospects of the underpaid, wages have increased less rapidly during the last quarter of a century — the period of our greatest industrial improvements — than during the

[1] "A Living Wage," page 176.

previous thirty years. Whence the inference seems valid, that side by side with the progress of production there have existed forces which have prevented the laborer from obtaining his full share of the results of that progress. Three of these forces, namely, monopolistic combinations, rapid displacement of labor by machinery, and excessive multiplication of the instruments of production, will in all probability be with us for many years yet, increasing the rate of unemployment and restricting the upward movement of wages. From these evils the poorest paid, being the least able either to resist a reduction or to utilize the possibilities of a rise in their remuneration, will naturally be the greatest sufferers.

Now it must be borne in mind that the Census Bureau reports [1] that 47.8 per cent of all the paupers in almshouses in the United States come from the laboring and servant classes; 23.7 per cent from those engaged in agriculture, transportation, and other outdoor pursuits, and 19 per cent from persons engaged in manufacturing and mechanical industries; these three classes of occupations furnishing 90.5 per cent of all the paupers in the United States.

It is apparent, therefore, that tens and hundreds of thousands of the wage-earners in the United States have individual family incomes which are less than a living wage; and that those in these great classes who survive the vicissitudes of a hand-to-mouth existence until old age is reached will certainly take their places in the great army of the aged dependent poor.

[1] "Paupers in Almshouses," page 33.

PART III

EFFORTS AT RELIEF

PART III

Efforts at Relief

"The poor always ye have with you." Almost universal is the instinct to relieve their distress and ameliorate their condition. Charity is history-long and world-wide. Its organization is of slow development and its systematic, scientific application is rare. Out of the instinct of charity in the individual human heart were developed the so-called burial societies in China; the *Eranoi* among the Greeks; the guilds among the Teutons in medieval times; and various fraternal and social organizations of the nineteenth century. All philosophies and religions inculcate the duty of caring for the poor and relieving the distressed. Only upon one island, in a distant section of the ocean, was there found one barbarian clan whose method of dealing with the aged poor seems contrary to the universal instinct. Upon this island, when one became helplessly dependent, a council of his fellows was called; and, if their decision was that he had passed the period of usefulness in life, a great feast was made on his behalf, at which he bade farewell to his friends and went submissively to the death decreed for him.

It may be questioned whether a lingering, suffering existence in want in old age is less pitiable than the quick relief furnished by these barbarians; and yet, to the superannuated soldier in the industrial army who began life with a high spirit, noble ambitions, and strong determination, and who has faithfully and loyally done his duty and served his generation to the best of his ability and opportunity, but who is reduced by accumulated misfortune to a condition of want and dependence, the doling out of charity by the operation of poor laws is humiliating, degrading and debasing. There is in every heart an innate shudder at the prospect of the poorhouse, a loathing of the beggar's condition. Many a worker, male or female, would rather enter the valley of the shadow of death than the hated confines of the almshouse. Out of this dread, fear and hate of anything savoring of public charity have come in this country the organized efforts or associations for the relief of the aged deserving poor.

CHAPTER I

Labor Organizations

The American Federation of Labor reported, in February, 1910, one hundred and nineteen national and international unions, representing approximately twenty-seven thousand local unions. There are several hundred local bodies not affiliated with the Federation. These unions were organized primarily for the protection and advancement of the interests of people employed in the same or similar lines of labor. Their primary purpose is often stated as "collective bargaining."

At first, their financial undertaking was limited to the creation of funds for preservation of their rights, especially in disputes with employers. The payment of benefits was a later development of the system and the scope of financial benefits has very slowly widened. The Twenty-third Annual Report of the Commissioner of Labor (1908) presents a study of about one thousand two hundred funds operated by workingmen in connection with their various organizations. These cover a great variety of benefits, — temporary disability, permanent dis-

ability, death, unemployment, shipwreck, tool insurance, looking-for-work travel, etc., etc.

The Commissioner of Labor[1] summarized the benefits paid for one fiscal year by the organizations in his investigation as follows: —

Temporary disability	$832,760.69
Death of members	5,164,385.06
Death of members' wives	55,020.00
Death of widowed mothers	1,240.00
Permanent disability	684,775.00
Superannuation	198,618.65
Other	892,321.63
Total	$7,829,121.03

It will be seen from the above summary that only about $2\frac{1}{4}$ per cent of all the benefits paid out by these organizations for one year was for the relief of the aged dependent members.

The following summary of what the unions are doing along this line is presented as an example of the interest which is manifest among the laboring people in the solution of a great economic problem.

The Amalgamated Society of Carpenters and Joiners, organized in Great Britain in 1860 and maintaining about threescore branches in the United States, with a membership in the United States and Canada amounting to about seventy-five hundred, provides for a superannuation benefit for each mem-

[1] Twenty-third Annual Report, page 35.

ber fifty years of age and incapable of earning usual wages, such benefit being $2.80 per week if the member has been twenty-five years continuously in the society; and $2.45 per week if he has been eighteen years in the society. This labor organization reports (1908) that 1818 members had received superannuation benefits, of whom thirty-nine were in the United States; and that the annual disbursement for such benefits amounted to $180,814.70, with a total paid out since 1867, when the superannuation benefit was instituted, amounting to $2,362,290. Of this, however, a very inconsiderable amount has been paid to members in the United States.

The Cigar Makers' International Union of America reports that it has under consideration a pension plan for its members, which, if adopted, will provide each member on reaching sixty years of age six dollars per month if he has contributed for a period of twenty-five years. Members who have reached the age of sixty-five and contributed dues for thirty years shall be entitled to seven dollars per month, which is to be increased to eight dollars per month at seventy and to ten dollars per month at eighty.

The International Jewelry Workers' Union provides in its constitution that any member of a local union, after twenty-five years' membership and on reaching the age of sixty, shall be entitled to twelve

dollars per month; and, on reaching the age of sixty-five, after having been a member for thirty years, he shall be entitled to sixteen dollars per month.

The Amalgamated Society of Engineers provides superannuation benefits for members reaching fifty-five years of age, according to their grades in four classes of two sections, as follows: —

Full Members

First Class	40 or more years' membership	$3.00 per week
Second Class	35 years of membership	2.70 per week
Third Class	30 years of membership	2.40 per week
Fourth Class	25 years of membership	2.10 per week

Machinist-Section Members

First Class	40 or more years of membership	$2.40 per week
Second Class	35 years of membership	2.10 per week
Third Class	30 years of membership	1.80 per week
Fourth Class	25 years of membership	1.50 per week

This Union reports one hundred and eighteen members as having received superannuation benefits during the year 1908, amounting to $17,803.95. As this society, however, has only some thirty-nine branches in the United States, — it being a Great Britain society, organized in 1851, — it is not likely that much of the superannuation benefits reported was received by members in the United States.

The Grand International Brotherhood of Loco-

motive Engineers, organized in 1863, provides what it calls an "Indigent Benefit"; for the purpose of extending relief to persons who by age, accident or misfortune are unable to perform any kind of labor and have no one to take care of them but the Brotherhood. No member can receive more than twenty dollars per month from this fund. The total paid during the year ending December 31, 1905, to indigent members was $24,820.

The Granite Cutters' International Association of America provides superannuation benefits for members reaching the age of sixty-two; each one of whom who has been in good standing continuously for twenty years is entitled to a superannuation benefit of ten dollars per month for six months in each year thereafter. There were sixty members reported as having received superannuation benefits during the year ending February 28, 1907. The amount of such benefits was not reported.

The United States Letter Carriers' Retirement Association has an elaborate table of rates for the purchase of one hundred dollar annuities which may begin at any five-year period between age thirty and seventy. Annuity certificates are issued in even sums from one hundred to five hundred dollars. Membership is confined to members of the National Association of Letter Carriers. It was organized in

1902; but no data concerning its operations or number of members are available. As this Association seems to be making a serious attempt to work out its pension plans correctly, and is therefore a beacon light to other labor organizations apparently groping in darkness along the path of attempted relief of old age dependency, its table of rates is given herewith and commended to the careful consideration of other similar organizations:[1]—

TABLE VI

UNITED STATES LETTER CARRIERS' RETIREMENT ASSOCIATION

MONTHLY PREMIUM RATES FOR ANNUITIES OF ONE HUNDRED DOLLARS

AGE AT ENTRY,	MONTHLY PREMIUM RATES FOR ANNUITY BEGINNING AT AGE OF—								
	30 Years	35 Years	40 Years	45 Years	50 Years	55 Years	60 Years	65 Years	70 Years
	$	$	$	$	$	$	$	$	$
20	13.47	7.66	4.83	3.19	2.16	1.47	0.99	0.66	0.45
21	15.28	8.39	5.20	3.40	2.29	1.55	1.04	.69	.47
22	17.55	9.19	5.63	3.63	2.43	1.63	1.10	.73	.49
23	20.48	10.21	5.98	3.88	2.57	1.72	1.14	.76	.51
24	24.38	11.37	6.59	4.16	2.73	1.81	1.20	.79	.54
25	29.86	12.77	7.35	4.46	2.90	1.93	1.27	.84	.56
26	——	14.49	7.86	4.80	3.09	2.04	1.35	.88	.59
27	——	16.56	8.62	5.17	3.30	2.16	1.42	.93	.62
28	——	19.41	9.56	5.60	3.53	2.29	1.51	.98	.65
29	——	23.11	10.65	6.08	3.81	2.45	1.59	1.03	.68
30	——	28.31	11.97	6.63	4.05	2.59	1.68	1.08	.72
31	——	——	13.58	7.26	4.36	2.80	1.79	1.14	.76
32	——	——	15.60	7.96	4.71	2.94	1.88	1.21	.79
33	——	——	18.19	8.84	5.10	3.15	2.00	1.27	.83
34	——	——	21.66	9.84	5.53	3.37	2.13	1.34	.87
35	——	——	26.52	11.06	6.03	3.61	2.26	1.42	.92
36	——	——	——	12.54	6.60	3.88	2.40	1.51	.97

[1] Twenty-third Annual Report of the Commissioner of Labor (1908), page 120.

MONTHLY PREMIUM RATES FOR ANNUITY BEGINNING AT AGE OF—

AGE AT ENTRY	30 Years	35 Years	40 Years	45 Years	50 Years	55 Years	60 Years	65 Years	70 Years
	$	$	$	$	$	$	$	$	$
37	——	——	——	14.41	7.23	4.19	2.56	1.60	1.02
38	——	——	——	16.81	8.03	4.45	2.74	1.70	1.09
39	——	——	——	20.01	8.95	4.92	2.94	1.80	1.14
40	——	——	——	24.50	10.06	5.37	3.16	1.91	1.21
41	——	——	——	——	11.40	5.85	3.38	2.30	1.28
42	——	——	——	——	13.09	6.36	3.65	2.17	1.36
43	——	——	——	——	15.27	7.15	3.95	2.32	1.44
44	——	——	——	——	18.18	7.97	4.29	2.49	1.53
45	——	——	——	——	22.26	8.95	4.67	2.66	1.63
46	——	——	——	——	——	10.15	5.11	2.87	1.73
47	——	——	——	——	——	11.66	5.60	3.10	1.86
48	——	——	——	——	——	13.60	6.22	3.36	1.98
49	——	——	——	——	——	16.19	6.93	3.66	2.12
50	——	——	——	——	——	19.83	7.79	3.98	2.27
51	——	——	——	——	——	——	8.83	4.36	2.44
52	——	——	——	——	——	——	10.14	4.77	2.64
53	——	——	——	——	——	——	11.83	5.30	2.85
54	——	——	——	——	——	——	14.09	5.91	3.10
55	——	——	——	——	——	——	17.25	6.63	3.37
56	——	——	——	——	——	——	——	7.51	3.69
57	——	——	——	——	——	——	——	8.61	4.05
58	——	——	——	——	——	——	——	9.21	4.49
59	——	——	——	——	——	——	——	11.94	5.01
60	——	——	——	——	——	——	——	14.62	5.62
61	——	——	——	——	——	——	——	——	6.38
62	——	——	——	——	——	——	——	——	7.33
63	——	——	——	——	——	——	——	——	8.55
64	——	——	——	——	——	——	——	——	10.18
65	——	——	——	——	——	——	——	——	12.46

It may be remarked that one of the provisions of this plan is that: "If an annuity member does not live to make all the premium payments agreed upon, or in case he becomes mentally incompetent, the monthly premium payments made by him, with interest at 4 per cent per annum, are returned to his estate or to his legal representative."

The International Association of Machinists, organized in 1888, established a superannuation benefit in 1903, which provides that any member who has been ten years in continuous good standing and has reached the age of sixty-five years shall receive the sum of five hundred dollars; and any member who has attained the age of sixty-five years, after twenty years of good standing, shall receive the sum of one thousand dollars. This would seem to be an old age endowment; but as the payments for benefits will not begin until 1913, no data concerning the operation of the fund are available.

The Pattern Makers' League of North America, organized in 1892, instituted superannuation benefits in 1900, by which a member, after twenty-five years in the League, and on reaching the age of sixty, is entitled to twelve dollars per month. On reaching the age of sixty-five, after a membership of thirty years, he is entitled to twenty dollars per month. The superannuation benefit of this union, however, will not be operative before 1920.

The United Association of Journeymen Plumbers, Gas Fitters, Steam Fitters, and Steam Fitters' Helpers of the United States and Canada was organized in 1889 and instituted superannuation benefits in 1902, which, however, are not yet operative; but provide that any member, not less than forty-five years of

age, after being in the Union for thirty years, shall receive five hundred dollars; if his membership has been under thirty years and more than twenty-five years, four hundred dollars; if his membership has been twenty and under twenty-five years, three hundred dollars. The membership must be continuous, and to be entitled to superannuation benefits, the member is required to furnish physician's certificates showing total incapacity by old age or infirmity.

The Amalgamated Association of Street and Electric Railway Employees of America, organized in 1892, provided, in 1895, that superannuation benefits should be payable when the amount in the benefit fund reaches $10,000. These benefits are obtainable after a member has reached the age of sixty-five years and are graduated according to his length of membership, as follows: —

10 and under 15 years	$1.50 per week
15 and under 20 years	2.00 per week
Over 25 years	3.00 per week

It is reported that funds are being accumulated for the purpose of providing for these benefits.

The German-American Typographia, organized in 1873, is composed of printers in the German language; and promises superannuation benefits of two dollars

per week. The number of members and operation of the fund are not reported.

The International Typographical Union, organized in 1852, established a superannuation benefit fund March 1, 1908, and payment of benefits began in August of that year. The by-law governing the fund provides that any member who has been in continuous good standing for a period of twenty years and, on reaching the age of sixty, finds it impossible to secure sustaining employment, may receive four dollars per week, subject to certain conditions which must be carefully observed. The report of the officers to the fifty-sixth session of the Union, held August 8 to 13, 1910, shows that the total amount paid out in pensions for the fiscal year ending May 31, 1910, was $106,740.

The above summaries are taken largely from the Twenty-third Annual Report of the Commissioner of Labor for 1908, on "Workmen's Insurance and Benefit Funds in the United States."

When it is noted that among literally thousands of labor unions, — national, international, and local, — only the above-mentioned have attempted any provision whatever for the relief of their aged members, it will be seen how inadequately labor organizations are coping with the problem of providing for old age. The provisions being made are also without due

regard to the requirements of actuarial science. On this subject, the Commissioner of Labor expresses himself in the following cautious language: [1] —

No actuarial examination of the benefit funds of the various unions has ever been made. The unions generally have no separate organization of a benefit fund, although in a number of cases varying amounts are set aside to pay claims for the various benefits. Whenever the amount so set aside proves insufficient, recourse is had either to paying from the general fund or to levying an assessment on members. The amount of such assessment is very small, either for the reason that the sum required is small or that the membership is large. Other unions depend entirely on the general fund or the assessment scheme.

The primary concerns of a trade-union are the wages and working conditions in its particular trade, and the benefit features are subordinate and incidental. The strength of the union, if not its very life, depends to a large extent on its ability to enroll in its membership the majority of the efficient workers and to continue to draw in as new members those who are just entering the trade. The life of a union is not, therefore, dependent on its benevolent features. In a growing country the new accession of workers to practically every branch of industry generally outnumbers those who for various reasons drop out of the trade; if the union is able to secure a majority of such new craftsmen, it will be able not only to perpetuate itself industrially, but also to maintain its benefit fund intact. The system of obtaining revenue is such an elastic one that there is little danger that any organization flourishing industrially will not raise sufficient money to keep

[1] Twenty-third Annual Report of the Commissioner of Labor (1908), page 28.

up its benefit funds. In the case of organizations which have the benefit funds separately organized and run on an insurance policy-contract plan, the necessity for an actuarial examination may apply.

The summing up which Mr. Walter E. Weyl, in his report on "Benefit Features of British Trade-Unions," gives,[1] to wit: "While the superannuation benefit brings relief in certain cases, it does not begin to solve the problem of dependence of workmen in their old age," is as pertinent to conditions in the United States from the trade-union standpoint as in England.

[1] Bulletin of the Bureau of Labor, 1906, page 826.

CHAPTER II

Fraternal Benefit Societies

Of the one hundred and eighty-two fraternal benefit societies of a general or national character in the United States, there are forty-two which promise old age benefits, usually beginning at seventy years and nearly all specifying one-tenth of the amount of the benefit certificate annually until such instalments equal the total amount of the benefit promised in the certificate.

Measured by actuarial standards, many of these societies in the past have operated on rates which were inadequate even for death benefits. Therefore, when the Massachusetts Commission on Old Age Pensions embodied the following in its report:[1] "We suggest that in due time the laws governing the operation of fraternal beneficiary corporations be amended so as to enable these societies to pay old age benefits under supervision by the State Insurance Commissioner as regards rates of assessment and methods of administration," the insurance commissioners of the various states, at their National Con-

[1] "Report of the Commission on Old Age Pensions, Annuities and Insurance," page 327.

vention in 1910, declined to incorporate the suggestion in their draft of a uniform law for the government of such societies, the Chairman of the Standing Committee on Fraternal Insurance explaining that the fraternal system generally had such a stupendous task ahead of it in the matter of readjusting its rates for death benefits that it was deemed inopportune to permit the societies to enter upon a domain that might only complicate and hinder the solution of their present problems.

It must be borne in mind that actuarial science regards a promise to pay benefits in case of death prior to age seventy, or an annuity after seventy, as practically an endowment at seventy years of age; and if a contract contains any such guarantee or promise, it is valued accordingly. Only recently have some of these societies come to this realization, and unfortunately they have attempted to revise their laws so as to eliminate old age benefits from the certificates already outstanding; which action, however, the Supreme Court of the State of New York has declared to be in contravention of contractual rights; the court also holding that an attempt to readjust rates without the consent of the individual members, so as to make up deficiencies in contributions for death benefits and to cover the additional cost of old age benefits, is likewise a violation

of property rights. Decisions by the courts of last resort in other states are following this trend of judicial thought.

What provisions have been made, even could they be actuarially sustained, would not seriously contribute to the solution of the old age dependency problem, since statistics, both in America and in Europe, show conclusively that old age dependency begins before age seventy is reached. Mr. Sutherland[1] concludes a thorough investigation on the question of age element in these words: "As regards the age limit to be adopted in ordinary cases, sixty-five years has been more favorably received than any other. It was accepted by each of the committees which considered the subject in the United Kingdom, and it has been incorporated in most of the bills promoted for pension schemes in Parliament." He then goes on to show that, in Denmark, the minimum age limit for state pensions is sixty years; and that the trade-unions in Great Britain which have attempted any old age benefits have uniformly provided that pensions shall begin from sixty to sixty-five years of age, — in many of the unions, the exact period to be determined by the condition of the applicant, irrespective of his having attained any fixed age.

[1] "Old Age Pensions," page 127 *et seq.*

It must be seen, therefore, from these considerations that the fraternal benefit societies in America have not as yet undertaken much in the way of contributing to the relief of old age dependency.

If, however, the problem is to be solved in America by the purchase plan, fraternal societies, because of their operation through lodges, will be an effective and powerful adjunct. The machinery of the lodge is infinitely better than that of town or community poor laws, under which reports of such cases as the following find their way to public print: [1] —

Pittsfield, Massachusetts, September 23. — Mrs. Mary McCarty, of West Stockbridge, died this morning in a little two-room shack, at the age of one hundred and twelve years. She had lived in West Stockbridge for sixty years. No one knew her exact age, but two years ago she said she was one hundred and nine years old.

She was a town charge and was allowed to live alone because the town has no almshouse and boards out its poor. At intervals, the town authorities visited the old woman and sent the grocer with provisions. In summer, she cultivated potatoes and cabbages and stored them for winter. In catfish season, she fished. She was the last of her family.

It may be remarked that nearly every fraternal society makes provision, either through the administration of temporary disability funds at the central office or the operation of local lodge relief plans, for

[1] Special telegram to the Philadelphia *Public Ledger*, issue of September 24, 1911.

the care of its living members in sickness and accident. The principle, therefore, has been recognized by these societies that their purpose is not merely relief for the widow and orphan when the breadwinner of the family is taken away by death; but also for the relief of the breadwinner himself in his temporary misfortune. It is a logical conclusion that this provision should be extended so as to provide for the permanent misfortune of old age. In the readjustment of their plans so as to comply with the strict requirements for actuarial solvency, as prescribed by the new uniform law, commonly known as the "Mobile Bill," for the government of these societies, the opportunity is at hand for them to make provision for the relief of their aged dependent members and thus contribute more largely in the future than they have dreamed of doing in the past to the solution of this great American economic problem.

CHAPTER III

Industrial Establishments

It is amazing to discover how little has been done in the solution of the old age dependency problem by the great industrial corporations of this country which engage the bulk of the country's money in capitalization and produce the largest proportion of the country's wealth, and which, in carrying on their operations, employ literally millions of men and women. In the preparation of this book, more than a thousand letters were addressed to the executive officers of these corporations, requesting information relative to pension plans in operation, or contemplated, for disabled or aged employees. The following summary of the plans reported will show how few corporations have already manifested a practical interest in this great subject, and the insufficiency of the attempts being made for the solution of this great industrial problem by those who should be most interested in it.

It is worthy of remark that, in communicating the information desired, the officers of the corporations have expressed in various ways the underlying motives

for the relief of their aged employees, which read like the summing up made by Mr. F. A. Vanderlip:[1] —

If I were to attempt to summarize the reasons why so many corporations are beginning to provide for their employees in old age, I would say that they embrace such considerations as this: —

The pension attaches the employees to the service and thus decreases the liability to strike. It makes more certain a continuance of efficient men in the lines of work with which they are perfectly familiar. Of quite as much importance is the fact that a pension system enables employers to dispense with the elderly and inefficient and thus gives constant encouragement to good effort on the part of the younger men hoping for promotion. When employees realize that unsatisfactory conduct may at any time lose them not only their present position — a loss which in such a labor market as ours might be easily made good — but that it entails further the loss of a very valuable asset, the employee's right to a pension, the incentive to good conduct is greatly increased. It operates especially as an incentive to hold men between the ages of forty and fifty when they have acquired the experience and skill which makes them especially valuable, and prevents their being tempted away by slightly increased wages for a temporary period.

One great manufacturer states that, in an experience of twenty-five years, he has demonstrated that in his business 1 per cent of the wages fund is sufficient to provide for the necessary pensions, and this employer also states that any business which cannot stand such an increase in expenses is so unstable as to be a menace, rather than a benefit, not only to its proprietor, but also to society.

[1] Conference of Charities and Correction, Philadelphia, Pa., 1906.

Mr. Vanderlip in the above remarks refers to the experience of one corporation which has had a pension scheme for employees in operation for twenty-five years. There are very few corporations, however, which have had any sort of pension plans in operation for so long a time, as will be apparent from the summaries which follow.

The American Express Company presents the following outline of its pension plans: "Since about 1875, this Company has had in operation a plan of pensioning its employees, applicable to all who have been in the continuous and exclusive service of this or National Express Company for twenty (20) years or more and who have become worn-out or permanently disabled while in its employ. Such men receive pensions based on one-half the average salary paid employee for past ten (10) years previous to date of discontinuance from service, and not exceeding a maximum yearly allowance of Five Hundred Dollars ($500). Pensions are not allowed to men entering the service of the Company after they are forty (40) years of age, except such men become permanently disabled in the discharge of their duties, or defense of Company's property. The Company reserves the right to retire any employee regardless of his physical condition, or age at date of employment, when he reaches the age of sixty (60), and also the

sole right to allow or discontinue payment of pensions. All applicants for pension must be at least sixty (60) years of age. An employee cannot enjoy a pension and draw salary as well. Where a pensioner is able to perform any duty whatever in connection with the Company's business, he may be called upon to do so."

Armour and Company put into operation on November 1, 1911, a pension fund obligatory upon all officers and employees, except unmarried women, who may decline to participate in the fund, and minors under sixteen years of age and drawing less than ten dollars per week. The administration of the fund is in charge of a board of three trustees chosen by and from among the members of the directorate of the company. The company obligates itself to contribute to the fund annually such amount as the board of directors may determine upon, until the fund reaches one million dollars and to keep the fund thereafter equal to that amount. Employees contribute 3 per cent annually of their salaries, such contributions to be deducted from their monthly wages. Officers and men employees who have been in the employ of the company for twenty consecutive years may be retired at the discretion of the board of trustees on reaching the age of fifty-seven; or, on reaching the age of sixty, may be retired at their

own request; or, on reaching the age of sixty-five, they shall be retired on order of the board. Unmarried women employees who have reached the age of fifty, after twenty continuous years of service in the company, may be retired either voluntarily or compulsorily. Likewise, after fifteen years' service, an employee may be retired for ill health on reaching age fifty-seven, if a man, and fifty, if a woman. The pension allowance is 2 per cent of the salary at the date of retirement for each year of continuous service; but the maximum pension shall not exceed five thousand dollars per annum. Provision is made whereby a widow of a deceased officer or employee in the company, whose term of service was not less than fifteen years, may receive a pension amounting to 1 per cent of the salary of her husband at the time of his decease for each year of service. If no widow survives, this allowance shall go to the children under eighteen years of age, to be divided among them proportionately until each reaches that age. If the employee shall have died before completing fifteen years of service, the amount of money which he paid into the pension fund, with interest at 4 per cent, computed semiannually, shall be returned to his widow and children. On the death of a pensioned employee, his widow and his children under eighteen years of age shall be entitled to receive

one-half of the pension which the pensioner was drawing at the time of his death. In case an employee voluntarily retires from the service of the company, all payments made by him to the pension fund shall be returned to him, without interest. In case he is discharged, the payments made by him are returned with interest at 4 per cent, computed semiannually. Provision is also made that in case the demands on the pension fund become excessive, the basis of calculating the pensions shall be changed so as to safeguard the principal of the fund.

Boston Consolidated Gas Company reports through its treasurer, under date of September 11, 1911: "With regard to pensions, would say that, while we have pensioned several of our old employees, we have no definite pension plan. Any pensions that have been granted so far have been based on the particular needs of the employee."

Cambria Steel Company: A mutual benefit association has been conducted in connection with this Company for twenty-seven years, the constitution of which was amended January 29, 1910, so as to provide for a pension of twenty dollars per month for members of the association retired because of permanent disability or on reaching the age of seventy, after thirty years' service in the Cambria Iron Company or Cambria Steel Company. Each member is

assessed ten cents per month for the maintenance of the pension fund. During the year 1910, the collections amounted to $18,622.33 and the disbursements on account of pensions to $6800, leaving a balance on hand of $11,822.33.

Chicopee Manufacturing Company reports its plan of giving each employee the privilege, after fifty years of continuous service, of retiring on half pay or working and resting intermittently, — receiving full pay while at work and half pay while resting.

Consolidated Gas Company of New York: This company has no definite, obligatory scheme of pensions. Under date of September 6, 1911, the treasurer writes: "The whole matter, however, of pensions, accidents, and sick relief and kindred matters is under consideration by a committee appointed by our President, Honorable George B. Cortelyou; and it is possible that when the committee has reported, some changes may be made in our plans," etc. He further states: "There is no age limit for retirement; but employees who have been a stipulated period in service are, if incapacitated for further work, entitled, at the discretion of the company, to be placed upon the superannuation list. Our usual course is to compute the superannuation allowance at 1 per cent for each year of service, based upon the average pay of the five years preceding retirement."

Deere and Company: The pension plan was established January 1, 1908. It is under the administration of a Pension Board consisting of five members or employees of the company, appointed annually by the Board of Directors; and provides that any employee who has reached the age of sixty-five and been twenty or more years continuously in the service of the company may be retired on a pension which shall be computed at $1\frac{1}{2}$ per cent of the average annual pay during the ten years next preceding retirement, multiplied by the total number of years in the service of the company; provided that no pension shall be less than eighteen dollars per month. It is also provided that any employee who has been at least ten years in the service of the company and becomes totally incapacitated may, upon retirement, be pensioned at the discretion of the company. No deductions from employees' wages are made for the creation of the pension fund.

E. I. du Pont de Nemours Powder Company: The present plan was adopted January 1, 1908, and is under the direction of a Board of Pensions, consisting of five employees of the company appointed by the heads of the various departments, subject to confirmation by the Executive Committee. Any employee who has been continuously in the service of the company for fifteen years may be retired on a

pension to be paid monthly in "an amount equal to one and one-half per cent for each year of service on the first one hundred dollars (or any part thereof) of the highest average monthly pay of the employee during any year of the last ten consecutive years of service and, in addition thereto, an amount equal to one-half of one per cent on any excess over one hundred dollars of such average monthly pay for said time; provided, however, that in no case shall the allowance made be more than one hundred dollars per month." These pensions are contributed entirely by the company and without deductions from employees' wages.

Gilbert and Barker Manufacturing Company provides that any officer or employee who has attained the age of sixty-five, after twenty-five years of continuous and satisfactory service, may be placed on the annuity roll, with an allowance of 25 per cent of his average pay for the ten years preceding retirement; and that any officer or employee between the ages of sixty and sixty-four, who has been for twenty years in the service of the company, may retire at his own request or may be relieved from further service and placed on the pension list, with an allowance equal to 50 per cent of his average pay for the ten years preceding retirement, which rate will continue until he is sixty-five years old and thereafter be reduced to 25 per cent.

Gorham Manufacturing Company has a pension plan which has been operative since May 1, 1903, under which "Employees whose records are satisfactory to the company will, if disqualified to work on account of age or permanent ill health, be eligible to pensions under the following age limits and terms of service: —

70 years of age . . . 25 years continuous service;
65 years of age . . . 35 years continuous service;
60 years of age . . . 40 years continuous service."

The pension is paid monthly in a sum equal to one per cent for each year's active service, computed at the wage paid at the time of enrollment; provided that no pension shall exceed one thousand dollars yearly. This company establishes a pension reserve fund by setting aside a sum each year equal to one per cent of the entire amount paid for labor during the preceding year. It also provides that "when the amount paid out for pensions during three consecutive years exceeds by five per cent the appropriation to the reserve fund, all outstanding pensions shall be scaled down to come within the average of the three years' appropriation and a new schedule adopted for future pensions."

Hibbard, Spencer, Bartlett and Company: The pension fund of this company was established Jan-

uary 1, 1905; and is under the control of a committee of five consisting of the president, vice president, and three directors of the company. This is a contributory scheme; and all employees eighteen years of age and over, excluding stockholders and traveling salesmen, are required to contribute a sum equal to 2 per cent of the annual salary received, to which the company contributes a like sum. The aggregate of all such contributions and appropriations is set aside and invested as a pension fund. Male employees may be retired at sixty years of age, after fifteen years' service, at the discretion of the executive committee; and at their own request after having passed the age of sixty-five. Female employees may be retired at sixty years of age after fifteen years' service, at their own request. The pension allowed is paid biweekly in a sum equal to one-half of the average biweekly salary during the previous five years; provided that no pensioner shall receive more than one thousand dollars per year unless by unanimous action of the executive committee, and provided that such payments shall not extend beyond a number of years equal to the period of service which the employee rendered the company; except that an employee who has contributed to the fund continuously for twenty or more years shall receive a pension for life. The plan also provides for a pension to the widow of a

pensioner for the period of five years following his death, in an amount equal to one-half of his pension. This allowance, however, ceases on her remarriage. However, on her death, if she leaves children, her allowance is to be paid to them, or trustees for them, until the youngest attains eighteen, — each child's interest in the fund to cease as he reaches that age. In no event, however, is the allowance to be continued either to the widow or to the children beyond a period of five years from the death of the pensioner. No provision is made for a pension to the widower of a female pensioner, but her children are pensioned in the same amount and for the same time and under the same rules and conditions as though they were the children of a male pensioner. It is also provided that "The executive committee may, at its discretion, and to such an extent and during such a period as it may determine, permit an indigent father, mother, sister, or brother of a deceased pensioner to share in the benefits provided for in this paragraph for the widow and children of pensioners." It may be remarked that a person retiring from the service of the company shall receive a return of his contributions, with simple interest, at 3 per cent per annum. The annual statement of the pension fund for 1910 shows a balance on hand of $103,830.75 after paying out during the year to retir-

ing employees, principal and interest, $1063.18 and to pensioners, $6892.46.

The International Harvester Company organized, on September 1, 1908, a benefit and pension plan for the employees of the parent and subsidiary companies, making the following announcement as to the pension system: "The Board of Directors, after careful consideration of the subject and an examination of the various pension systems now in operation, have approved the following plan as the best and most liberal for employees who by long and faithful service have earned an honorable retirement. The Directors establish this pension fund as an evidence of their appreciation of the fidelity, loyalty, and efficiency of the employees." The administration of the fund is in the hands of a pension board consisting of five members who must all be officers or employees of the company or companies and appointed annually by the board of directors. Provisions are made for the retirement of male employees after seventy years of age if they have been twenty years or more in the service of the company, unless, at the discretion of the pension board, they are continued longer in active service; and such employees as have reached the age of sixty-five years and been twenty or more years in the service may retire at their own request or at the discretion of the board. Female employees

who have reached the age of sixty must retire unless the pension board in its discretion continues them in active service. Female employees may retire at fifty, after twenty or more years' service, if they so request and the pension board deems it expedient. The basis of pensions is stated as follows: "For each year of active service, an allowance of 1 per cent of the average annual pay during the ten years next preceding retirement; but no pension shall exceed one hundred dollars per month or be less than eighteen dollars per month." In the discretion of the board, the pension may be continued to the widow and orphans of a pensioner for a limited period.

Morris and Company: The administration of the pension fund which became effective January 1, 1909, is in charge of a committee of five, two of whom shall be appointed by the company and the other three elected by ballot from among employees: an employee of from six months to five years' service shall be entitled to one vote; from five to ten years, two votes; from ten to fifteen years, three votes; and fifteen years or more, four votes. No employee, however, can be a member of the fund unless his weekly wages exceed ten dollars. All officers and other employees of the company contribute 3 per cent of their salaries to the pension fund. The pensions begin at the age of fifty-five if the officer or

employee has been for twenty consecutive years in the service of the company. The pension is computed on the basis of 2 per cent of salary for each year of service, with a maximum pension not to exceed five thousand dollars. Any officer or employee may retire on account of ill health prior to age fifty-five and receive a pro-rated pension. The widow of a deceased officer or employee shall be entitled to receive one-half the pension to which her husband would have been entitled, but such pension must cease on her remarriage. However, in case of her remarriage or death, if she has children under eighteen years of age, her pension will be apportioned among them and each child will receive his interest until he reaches the age of eighteen. The widow of a deceased officer or employee who has not completed twenty years of service shall receive an allowance of 1 per cent of the salary of her husband at the time of his decease for each year of his service; and, in the case of her remarriage or death, this allowance will be apportioned among the children, as above indicated. In case of the voluntary retirement of any officer or employee, all payments made by him shall be returned without interest. The company sets aside $25,000 each year until the pension fund shall reach the sum of $500,000.

National Carbon Company reports that it has not

yet established a pension or retirement fund, but that deserving cases are considerately treated, — the allowance usually being between 30 and 50 per cent of the wages received before retirement.

The Philadelphia Electric Company established, on May 1, 1911, a "Service Annuity Department," under which all employees on reaching the age of sixty-five, if male, or sixty, if female, may, at their own request or at the discretion of the board of officers, be retired from active service; provided, that all persons employed after May 1, 1911, must have at least fifteen years' service to their credit in order to receive a pension. The pension is provided without deduction from the employee's wages and is computed as follows: "For each year of service two per centum of the average yearly pay, based on the rate in effect at the close of each of the highest ten consecutive years of service"; provided that the minimum annuity shall not be less than fifteen dollars per month and provided further that, in case the aggregate pensions exceed the amount which the president and the board of directors deem advisable, a new rate of computation shall be established.

The Pittsburg Coal Company by a resolution of its board of directors, on September 3, 1907, extended its coöperation with its mine employees under its Employees' Relief department, which had been in

operation since April, 1902, so as to add to that department a pension fund in addition to the funds already provided for sickness, accident, and death benefits. The management of the fund is under an advisory committee composed of the general manager of mines and of three members of the board of directors and three members chosen by the employees from their own number. The fund is created and maintained by the income on twenty-five hundred shares of Pittsburg Coal Company preferred stock, which stock, however, must be paid for before any pensions can be granted; and each employee contributes for this purpose three cents per month from his wages, which is supplemented by a like amount from the company. After the stock is paid for, these contributions from employees and company will continue to supplement the income from the stock available for pension purposes. Pensions are granted at the rate of ten dollars per month to employees who have been in the service for ten years or longer and have made continuous monthly payment of dues as above specified for that period and who, through old age, accident, or sickness, are permanently unfitted to earn a living. The scheme provides that claimants shall not be disqualified because of the temporary cessations of employment due to temporary shutdown, for any cause, of the mine at which the claimant is

employed, or due to his accident or illness. It is also provided that the regulations may be changed from time to time so as to provide for ratable increases in the monthly contributions of employees and employer in case the fund is not likely to be sufficient to meet the demands upon it or in case larger pensions are deemed advisable; also, that if the pension fund shall be liquidated at any time and the twenty-five hundred shares of the company stock are paid for, these shares shall be sold in the open market and the proceeds ratably distributed among the parties equitably entitled thereto.

Proctor and Gamble Company has a pension system which has been in effect since February, 1904; and is under the control of a board of five trustees consisting of the president of the company and four members chosen from the employees, — two from the office force and two from the operatives. The fund is created by setting aside five hundred dollars semi-annually, — one-half of which shall be taken from each profit-sharing dividend and one-half from the company's earnings. Pensions not to exceed 75 per cent of the average wages during the last two years of service with the company may be granted to any employee who has been in the continual service of the company for not less than seven years, where permanent, partial, or total disability has been caused by

accident, sickness, or old age. One of the agreements between the company and its employees in the operation of this plan is that, so far as possible, the company will provide every employee with such work as he can readily perform and at such rate of wages as is usually paid for such work. Should this be at the time of retirement a lower amount than the pensioner has been accustomed to receive, an extra grant from the pension fund will be made so that his wages, together with what he receives from the pension fund, will be equal to 75 per cent of his customary wages. It was found in the operation of this fund that the provision for setting aside five hundred dollars semiannually was not sufficient; and, therefore, the company entered into an agreement with its employees to the effect that if each man contributed one hour's pay every four weeks to the pension fund, the aggregate would be one thousand dollars per year and the company would contribute a like amount. The company reports, under date of August 2, 1911, that the plan is working satisfactorily.

Public Service Corporation of New Jersey, including the Public Service Railway Company, the Public Service Gas Company, the Public Service Electric Company, and allied companies, established on January 1, 1911, through the board of directors, an elaborate insurance sickness benefit and pension system

for employees in the service January 1, 1911, and whose compensation does not exceed eighteen hundred dollars annually. The system is under the management of a welfare committee composed of the officers of the corporation; and the entire expenses are assumed by the companies involved, with no contributions exacted from employees. Any employee who has reached the age of sixty-five and who has completed twenty-five years of continuous service may retire voluntarily; and any employee who has reached the age of seventy years, after twenty years of continuous service, is retired compulsorily. In each case, the pension is calculated as follows: "For each year's service, 1 per cent of average wage or salary for the ten years preceding retirement; provided, however, that no pension shall be less than two hundred and forty dollars annually."

The Sherwin-Williams Company is operating a pension system "with a view to recognizing and rewarding long, efficient, and loyal service." The administration is in the hands of a pension board consisting of five members appointed annually by the board of directors or by the president of the company. Each male employee on reaching the age of seventy, after twenty-five or more years of service, shall be retired unless the pension board may decide to keep him in active service; and such employee may be

retired at his own request, or at the discretion of the board, after reaching the age of sixty-five, with twenty-five years of service. Each female employee shall be retired at the age of sixty, after twenty-five or more years of service, unless the pension board fixes a later date for such retirement; and any female employee may, at her own request, or at the discretion of the board, retire at fifty-five if she has been for twenty-five or more years in the service. Any employee, male or female, may be retired at any time after twenty years of service if totally incapacitated. The pension is calculated as follows: "For each year of active service, an allowance of 1 per cent of the average annual pay during the ten years next preceding retirement and, in addition, a fixed amount of ten dollars per month; but no pension allowance to exceed one hundred dollars per month." It is obligatory, however, that all applicants for pensions shall be members of the Benefit Association operated under the auspices of the company. At the discretion of the pension board, pension allowances may be continued to the widow or orphans of a pensioner for a limited time.

The Simonds Manufacturing Company has no regular pension system; but the auditor of the company reports, under date of August 4, 1911, that: "About three years ago, we started a plan to take

care of our older employees. This plan provides that employees shall be retired at the age of seventy years or, upon the request of the employee himself, he may, if agreeable to the committee, be retired at any age between sixty-five and seventy. Our pension payments are based on the term of service, — a certain percentage being allowed for each year. No payments are allowed unless the employee has been in the service of the company for twenty years or more."

The Standard Oil Company reports a plan for annuities, going into effect December 1, 1909, by which: "First: Any officer or employee who has given twenty-five years continued and satisfactory service to this company and has attained the age of sixty-five years may be put on the annuity roll, at the discretion of the directors; and receive for the first year after retirement an annuity of 50 per cent of his or her average pay for the ten years preceding retirement; the annuity after this first year to be continued at the rate of 25 per cent. Second: Any officer or employee between the ages of sixty and sixty-five who has been twenty years in the service of this company may retire at his or her own request, provided the directors approve, or be relieved by the directors from further service and placed on the annuity roll at an annuity equal to 50 per cent of his or her average pay for the ten years preceding retire-

ment; such rate being continued up to the time the recipient is sixty-five years of age and, thereafter, at the rate of 25 per cent, — the annuity at the rate of 50 per cent to be for not less than a period of twelve months." All annuities under this plan are paid quarterly and terminate on the death of the beneficiary.

The Talbot Mills adopted in 1903 a pension system available to all employees who have been in the service of the company for at least fifteen consecutive years. The annual pension in each case is a percentage of the annual wages earned during the ten years next preceding retirement, — one per cent per year for every year of service from fifteen to thirty-five years and "for periods longer than thirty-five years, the percentage shall be 50 per cent"; but no pension shall exceed five hundred dollars. Any employee incapacitated for labor may be retired on pension at any time. Employees on reaching the age of seventy years may be placed on the pension roll at their pleasure.

The United Cigar Stores Company: Under date of March 17, 1911, the secretary of this company reported that no satisfactory retirement pension system had yet been adopted. "We carry life insurance for some of our employees, without cost to them. This has been based on the yearly earnings for

one year; for instance, if his earnings for one year amounted to fifteen hundred dollars, we gave him a life insurance policy for that amount. . . . We give you these facts, not in direct answer to your letter; but because they are to us the groundwork for a retirement pension system which we hope to work out later on."

United States Steel and Carnegie Pension Fund, taking effect January 1, 1911, "was established in the year 1910 by the joint action of the United States Steel Corporation and Andrew Carnegie. Its purpose is the payment to employees of old age pensions from the income of the fund. For this purpose, the United States Steel Corporation provided $8,000,000, which with the Carnegie Relief Fund of $4,000,000 created by Andrew Carnegie on March 12, 1901, makes up a joint fund of $12,000,000." This pension fund is administered by a board of twelve trustees through a manager appointed by the board, with such powers and duties as may be given him by the board. "Employees of the United States Steel Corporation or of any other corporation a majority of whose capital stock is owned or controlled by the United States Steel Corporation or of the board of trustees of this pension fund, may obtain pensions under the following conditions: First, Pensions by compulsory retirement, — All men who have been twenty years

or longer in the service and have reached the age of seventy years shall be retired and pensioned. All women who have been twenty years or longer in the service and have reached the age of sixty years shall be retired and pensioned. At the request of their employing officers, persons employed in executive or administrative positions may be allowed to continue in active service after reaching the ages mentioned above. Second: Pensions by retirement at request, — Any man who has been twenty years or longer in the service and has reached the age of sixty years may be retired and pensioned, either at his own request or at the request of his employing officer. Any woman who has been twenty years or longer in the service and has reached the age of fifty years may be retired and pensioned, either at her own request or at the request of her employing officer. Third: Pensions for permanent incapacity, — Any employee who has been twenty years or longer in the service and has become permanently totally incapacitated, through no fault of his or her own, as a result of sickness or injuries received while on duty, may be pensioned at the discretion of the board of trustees." The monthly pension is based as follows: For each year of service, 1 per cent of the average monthly pay during the last ten years of service; provided that no pension shall exceed one hundred dollars a month or

be less than twelve dollars a month. It is also provided that if the basis for pensions shall create demands in excess of the annual income, increased by any surplus deemed applicable by the board of trustees, a new basis may be adopted reducing the pensions theretofore or thereafter granted, so as to bring the total expenditures within the limits of the fund.

The Wells, Fargo and Company pension system was made effective from January 29, 1903, "for the purpose of enabling employees of the company who have rendered long and faithful service to retire when they have attained an age necessitating relief from duty." The system is under the administration of a board of pensions, consisting of the managers of the Atlantic, Central, and Pacific Departments, the General Auditor, and the cashier of the bank at San Francisco. The rules provide that all officers and employees who have attained the age of seventy years shall be retired; provided that, if the board of pensions deems it advisable, an employee may be retained in the active service beyond the age of seventy, but any such officer or employee shall be permitted to retire if he desires. All officers and employees on retiring at seventy shall be pensioned if they have been twenty-five years in the service. All officers and employees who have been twenty-five years in the service and are incapacitated between the age of sixty and seventy

years may be retired and pensioned. The pension allowance is on the following basis: "For each year of service an allowance of 1 per cent of the average regular monthly pay received for the ten years immediately preceding date of retirement." It is provided that should the aggregate pensions exceed the amount available, the board of directors may adopt a new basis.

The Western Electric Company pension system was inaugurated March 26, 1906, by setting aside $400,000 from the company's profits and authorizing the president thereafter to have sums not exceeding $150,000 annually withdrawn from the company's profits and added to the pension fund, with the proviso that if the aggregate pension allowances exceed the amount available from the pension fund at any time, a new basis shall be established for proportionately reducing the pensions. The pension fund is in charge of a pension board consisting of five officers or employees appointed annually by the board of directors or executive committee. The rules provide that all employees, on reaching the age of sixty years, after twenty or more years continuously in the service of the company, may at their own request, or at the discretion of the pension board, be retired and placed on the pension list. Also that any employee retired from the service (presumably before the pen-

sion plan went into operation) after thirty or more years' continuous service, or who has reached the age of fifty-five after twenty-five or more years of continuous service, may, on the recommendation of the president, be granted a pension. Any employee totally incapacitated for further service, after ten or more years in the continuous employ of the company, may be retired on such pension as the pension board may determine. The pension in each case, for age or length of service, is computed as follows: "For each year of active service 1 per centum of the average annual pay during the ten years next preceding retirement; provided, however, that the pension board may, at its discretion, base such pension upon the average annual pay of the ten consecutive years of service during which the retired employee was paid the highest rate of wages." It is also provided that, at the discretion of the pension board, pensions may be continued to widows and orphans for a period not exceeding one year from the date of death of the pensioner.

The Westinghouse Air Brake Company established its pension system September 17, 1908, "for the purpose of enabling faithful employees to retire who, after rendering long and efficient service, may through age, infirmity, or injury be unable to continue active employment." The company set aside $110,000 as a pension fund, with a provision that each year a further

appropriation may be made, not to exceed $10,000, to meet the pension allowances of such year. It also provided that, in case the demands on the fund exceed the resources, a new basis ratably reducing the pension allowances shall be established to bring the expenditures within the limit of the fund. The administration of the fund is in the hands of a board of pensions, consisting of five officers or employees to be designated by the board of directors. All employees who have reached the age of seventy years shall be retired. This rule is not mandatory upon executive officers appointed by the board of directors. Such retired employees shall be pensioned if they shall be twenty or more years in continuous service of the company. All employees who are between sixty-five and sixty-nine years of age, after twenty or more years of continuous service, may be retired and pensioned for incapacity. Any employee with a clear and satisfactory record, who has reached the compulsory retiring age of seventy, while lacking less than one year of the continuous service limit, may, at the discretion of the board, be pensioned or continued in the service for one additional year. The basis for computing monthly pensions is: "One per cent for each year of continuous service based on the average of salary or wages received per month during the last ten years of service"; provided that no pension shall

be less than twenty dollars per month or more than seventy-five dollars per month; and provided further that the board of pensions may increase the pension of a retired employee, not to exceed 25 per cent in cases of unbroken service of forty years or over or for other adequate reasons, if such increase shall not bring the pension beyond the maximum of seventy-five dollars per month. It is also stipulated that "pension allowances shall cease upon the death of the pensioner unless, at the discretion of the pension board, in exceptional cases, allowances may be continued to widows or orphans for a further period not exceeding one year."

Witherbee, Sherman and Company, Incorporated: The general manager of this company reports, under date of August 12, 1911, that: "No general plan has been worked out for the pensioning of old employees; but we have taken up such cases on their merit and are paying to such old employees a pension at the rate of about twenty dollars per month."

A group of fourteen public service companies in New England, to wit: — American Tar Company, Malden Electric Company, Haverhill Electric Company, Suburban Gas and Electric Company, Exeter and Hampton Electric Company, Concord Electric Company, People's Gas and Electric Company, Exeter, Hampton and Amesbury Street Railway,

Chicopee Gas Light Company, Salem Electric Lighting Company, Springfield Gas Light Company, Exeter Railway and Lighting Company, Malden and Melrose Gas Light Company, and the Fitchburg Gas and Electric Company, — which are under one and the same management, has promulgated a pension system under date of January 1, 1910, by which it is provided that any employee over sixty years of age, who has been in the service of the company continuously twenty years or more and becomes physically disqualified, may be pensioned at the rate of 1 per cent per annum for each year of service based on the average yearly wage for the last ten years; with a stipulation, however, that no pension shall be less than two hundred dollars per year. In case of the death of a pensioner, his pension may be continued for the benefit of his widow and orphans for the further period of one year. Pensions are available to all employees regardless of age who become physically disqualified after twenty years of continuous service. The total limit for pension disbursements is fixed at twelve thousand dollars annually. Whenever amounts due pensioners exceed that sum, the pensions shall be scaled proportionately.

First National Bank of Chicago: The bank pension fund was inaugurated May 1, 1899. The president states in a letter dated September 7, 1911, that the

contributions by members and by the bank now amount to something over one million dollars to the credit of this fund. Any officer or employee, on attaining the age of sixty-five, shall retire from the service of the bank unless, for special reasons, the bank may wish him to continue in its service and he consents thereto. The pension fund is created by a deduction of 3 per cent annually from the salaries of officers and employees in the service of the bank. It may be mentioned that the National Safe Deposit Company and the First Trust and Savings Bank, as well as the former officers and employees of the Union National Bank of Chicago and the Metropolitan National Bank of Chicago before their amalgamation with the First National Bank, are participants in the fund. Pensions are based upon one-fiftieth of the salary of the officer or employee at date of superannuation for each year of service, — in no case, however, to exceed thirty-five fiftieths of such salary; that is to say, on a salary not exceeding ten thousand dollars, the pension shall not exceed four thousand dollars; on a salary not exceeding fifteen thousand dollars, the pension shall not exceed five thousand dollars; on a salary exceeding fifteen thousand dollars, the pension shall not exceed six thousand dollars. It is also provided that no person who has been with the bank under twenty-five years shall

receive a pension for a longer period than his term of service; and that no pension shall be granted as a general rule unless the pensioner shall have completed not less than fifteen years of service and have attained the age of sixty years; also, that any officer or employee, on reaching the age of sixty, after fifteen years of service, may voluntarily retire or may be required by the bank to retire on a pension. In case any officer or employee dies before completing fifteen years of service and the bank does not see fit to grant a pension to his widow or orphans, it may, in its discretion, return to them all payments made by him, with interest, computed half-yearly, at the rate of 4 per cent per annum. There is also a provision whereby any officer or employee may be pensioned for ill health or affliction resulting in incapacity before the age of sixty years. In case of the death of a pensioner, his widow shall be entitled to receive half of his pension, but not to exceed the number of years for which the pensioner would have been entitled to benefits. In case of her remarriage or at her death, her pension shall be apportioned to the children, each receiving his share until reaching the age of eighteen. This pension plan is voluntary for all officers or employees in the service of the bank at the time of the adoption of the scheme; but compulsory upon all who enter the service after its adoption.

The foregoing summary of industrial corporations having pension plans in operation for employees is not to be regarded as altogether complete, though every effort has been made to secure data from all important corporations in the country. All which have reported the establishment of pension systems are included.

It is to be regretted that only about a score of the thousands of manufacturing enterprises in the United States can be included in this summary of those who have crystallized thought for the relief of worn-out workmen.

In nearly every instance, letters from the managers who have furnished information concerning pension schemes indicate that the efforts at relief have been inspired as largely by economic considerations as by altruistic. To keep worn-out, incapacitated men on the pay roll is an economic waste. To turn such adrift is not humane and exercises a depressing influence upon workers still in the prime of life.

Many corporations report that individual provision has been made for worn-out or incapacitated workmen, — each case being dealt with on its merits. This plan, however, is recognized by advanced thinkers in the employers' domain as open to many serious objections, — the principal of which is the suspicion among employees that favoritism and partiality may

determine the fact and amount of pension, which suspicion seriously affects the contentment, loyalty and industry of workmen growing old in the corporation's service.

The few systems of pensions that have been devised by industrial corporations are almost without exception inspired by economic motives. These systems are usually accepted by employees with favor, the pensions being recognized as in effect deferred wage dividends available in the event of incapacity or old age. Inquiry among employers and employees in corporations in which the pension system is recognized and operating sustains the *a priori* argument that the pension system has already done much towards bringing employers and employees together in the recognition of the principle that the interests of both classes are identical, thereby reducing the likelihood of discontentment, strife and strike, and cultivating harmony, loyalty and efficiency.

It may be remarked in passing that many of the large corporations have attempted to reach the same result, with what success is not yet apparent, by introducing profit-sharing schemes which, in many instances, are directed along the line of credits to employees, determined largely by the foremen or overseers, which may be used for the purchase of company stock at current market prices. In some

instances, the credit-sharing scheme is hedged about with provisos that if profit-sharing employees dispose of stock so purchased, they shall therefor become ineligible to share in further profits, except at the will of the employer. Such provisions do not make for the relief of old age dependency. They may be acknowledged as a link in the evolution towards this desirable end; but the data concerning the operation of the scheme are so meager that definite results cannot yet be predicted.

Another observation in passing is pertinent on this point, viz., that the working out of any pension scheme for employees with one corporation only as the unit is problematical. A letter of inquiry addressed to one corporation, which was reliably reported as having a pension plan in operation, was returned unopened and stamped "Firm Dissolved." The question naturally comes to the mind of the thinking working man: What is the measure of the disappointment of the scores, perhaps hundreds, of employees of that corporation who were looking forward to pensions for the support of old age and are now helpless and unprovided for? Such a condition is analogous to that of the crew of a vessel who, after a long, hard voyage over dangerous seas, with food exhausted, nerves racked and strength almost gone, have only one hope left, — that of speedily making an hospitable harbor;

but alas! find themselves shipwrecked upon a barren island.

It may, therefore, from this survey be concluded that the efforts which industrial corporations are making for the relief of old age dependency, in view of their paucity and variety, do not give satisfactory ground of hope that the ultimate solution of the problem can be reached in this way. At best, these efforts are a makeshift; and their chief value is that of a guideboard along the roadway of the ultimate happy destiny of the army of American toilers.

CHAPTER IV

Transportation Companies

There is no part of the great national labor machine that wears out men more rapidly or subjects them to greater hazard than that which we call "transportation." Especially is this true of those engaged in the operation of trains and vessels on time schedules, which require by day and night the strictest attention to duty and rules. Every moment is fraught with danger. Brain, nerve and muscle are all subject to the severest and most unexpected strain. Even life itself must be held in readiness to guard other lives and property temporarily entrusted to the skill, courage and experience of the employee. The locomotive engines are of the most intricate device and require the keenest intelligence, quickest action and oftentimes the most prolonged tension of mind and body. This is true of the operation of transportation machines by land and water; and there is hardly a man who spends his lifetime in the employ of a transportation company who at some moment has not been called upon to act the part of a hero, — a part perhaps unknown save to himself and his immediate

associates. Of all great industrial employments, that in connection with the transportation systems of the country deserves the most ample and prompt relief from the distress of an old age in want. As yet, however, few of the transportation companies have undertaken general relief for their employees along this line.

The following summaries of steam railroads, electric lines and steamship companies are the result of a most thorough and comprehensive inquiry into the pension systems devised for employees in this class of American corporations.

A. Steam Railroads

The Baltimore and Ohio Railroad was the pioneer in this country in the movement to pension its employees, having adopted the system in 1884. It reports the mean number of employees for the fiscal year as 54,554, with the total number of pensioners from October, 1884, to June 30, 1910, as 1402, with total pensions paid out amounting to $1,406,902.53. On June 30, 1910, there were 667 pensioners still on the rolls; and the amount expended for the fiscal year was $157,273.81. The compulsory age of retirement is sixty-five, after ten years of service, with a provision that, at any time under sixty-five, an employee may be retired and pensioned "if the

circumstances justify and the condition of the fund permits." The pension is computed on the basis of 1 per cent of the average wages for the last ten years of service.

The Cleveland Terminal and Valley Railway, reporting 1079 employees, instituted its pension system in 1895; and reported seven pensioners on the roll, with annuities amounting to $772.25 in 1906. As this road is a subsidiary part of the Baltimore and Ohio system, its retirement rules are similar to those of the general system.

The Chicago and North Western Railroad placed its system of pension retirement in effect in 1900; and among 48,723 employees reported for 1906 has a pension list of 355, with $89,330.87 as annual disbursements on this account. The pension basis is 1 per cent of the employee's wages for the last ten years of service. The retirement age is sixty-five, voluntary, and seventy, compulsory, after twenty years of service.

The Pennsylvania Railroad placed its pension system in operation in 1900; and in 1909 reports 2320 pensioners on the roll, with an expenditure for that year of $593,632.45. Its pension is likewise based upon 1 per cent of the average earnings of the employee for the last ten years of service; and the retirement age is, voluntary, sixty-five; compulsory, seventy, after thirty years of service.

The Pennsylvania Lines west of Pittsburgh adopted the system in 1901; and in 1909 gives 845 as the number of pensioners, with an annual disbursement of $192,712.70 on their behalf. The basis of pension and ages of retirement are the same as in the Pennsylvania Railroad Company.

It is worthy of remark that the Pennsylvania Railroad system, lines east and west, has paid out in pensions, to the end of 1909, an aggregate of $5,512,529.57.

The Illinois Central Railroad adopted the system in 1901; and in 1906 reports 232 pensioners among 38,563 employees, with an annual expenditure for pensions amounting to $47,126.01. Its basis of computation is 1 per cent of the average earnings for the last ten years of service; and its retirement ages are sixty-five, voluntary, and seventy, compulsory, after ten years of service. The vice president reports that: "During a period of nearly nine and one-half years that our pension system has been in operation, the company has paid in pensions an amount closely approximating a half million dollars, the average pension fluctuating between nineteen and twenty dollars per man per month."

The Delaware, Lackawanna and Western Railroad adopted the system in 1902; and for the fiscal year ending in 1907 reports $19,540.46 as payments to 217 pensioners out of 37,273 employees. Its basis of

computation is 1 per cent of the average wages in the last ten years of service; and its retiring ages are sixty, voluntary, and seventy, compulsory, after twenty-five years of service.

The Philadelphia and Reading Railway Company established its pension system in 1902; and for the fiscal year ending June 30, 1910, out of 27,933 employees reports 256 on the pension roll, with total pensions paid for the year amounting to $79,824.76; an average monthly allowance to each pensioner of $36.14, being a pension payment per capita of employees amounting to $2.85. The total amount paid out by this company for pensions for the nine years of the operation of the fund is $467,245.25. The average age of pensioners placed on the rolls in 1910 was sixty-seven years and six months, as compared with seventy-three years of those placed on the roll in 1902. The basis of computing the pension is 1 per cent of the average pay for each year of service for the ten years next preceding retirement. The retirement age is seventy, compulsory and sixty-five, voluntary, or at any time for incapacity. The employee to receive full pension must have been in the service continuously for thirty years.

The San Antonio and Aransas Pass Railway Company placed its pension system in effect January 1, 1903, and bases the pension upon 1 per cent of the

average regular monthly pay received for the ten years preceding retirement, multiplied by the total years of service. The retiring age is seventy, compulsory, and sixty-one, voluntary, both after twenty years of service. No data have come to hand showing the operation of the system.

The Southern Pacific Company placed its pension system in effect January 1, 1903, under which it is provided that all officers and employees must be retired at the age of seventy and, if they have been twenty years in the service, shall be pensioned. Train operators and trackmen may be retired at the age of sixty-five and, if employed continuously for twenty years prior, may be placed on the pension list. Provision is also made for pensioning incapacitated officers and employees at any time after twenty years' service in the case of females and twenty-five years in the case of males. The pension is computed as follows: For each year of service, 1 per cent of the average regular monthly pay for the ten years preceding retirement. On the establishment of the fund, the company set aside $100,000 for annuities and made provision for appropriating each year thereafter a sum not to exceed $90,000. In the event that such appropriations are not sufficient to meet the requirements of the fund, the board of directors may establish a new basis for its operation.

The Buffalo, Rochester and Pittsburgh Railroad Company placed its pension system in effect July 1, 1903. For the year 1906 it reports twelve pensioners, on whose behalf a disbursement of $5289.58 is made. The basis of computation is 2 per cent of the average wages for the last ten years of service and the retiring ages are sixty, voluntary, and sixty-five, compulsory, after twenty years of service.

The Atlantic Coast Line Railroad pension system became effective February 1, 1904. For the fiscal year ending in 1907 it reports fifty-two pensioners out of 17,218 employees, with a total annuity of $8319.10. Its basis of computation is 1 per cent of the average wages for the last ten years of service; and retiring ages sixty-five, voluntary, and seventy, compulsory, after ten years of service.

The Chicago, St. Paul, Minneapolis and Omaha Railway Company put its pension system into effect April 1, 1906; and on December 12, 1910, the Secretary of the Pension Board reports that sixty-seven pensions have been granted, — twenty-nine on the ground of seventy years of age and thirty-eight because of permanent disability. Fifteen pensioners had died up to that time, leaving fifty-two on the roll. An employee's pension at seventy, after twenty years' continuous service, is based on 1 per cent of his average pay for the preceding ten years.

The Atchison, Topeka and Santa Fe Railway Company placed its pension system in force on January 1, 1907; and for that year reported sixteen pensioners out of a total of about 55,000 employees, with an annuity of $1341.68. The pension is based upon $1\frac{1}{4}$ per cent of the average wages for the last ten years of service, and is granted after fifteen years of continuous service, if the applicant has reached sixty-five years of age.

The Chicago, Rock Island and Pacific Railway Company ("Rock Island Lines") established a pension scheme for officers and employees on December 11, 1909, effective January 1, 1910, under which retirement is compulsory for all officers and employees as they attain the age of seventy years. Locomotive engineers and firemen, conductors, flagmen and brakemen, train baggagemen, yardmasters, switchmen, roadmasters, bridge foremen and section foremen may be retired at the age of sixty-five years. Officers and employees becoming permanently incapacitated, after twenty-five or more years' continuous service, may be pensioned and retired regardless of age. The pension allowance is computed on the following basis: for each year of service, an allowance of 1 per cent of the average regular monthly pay received for the ten years next preceding retirement.

New York Central and Hudson River Railroad

Company established a pension department, effective January 1, 1910, providing for compulsory retirement at the age of seventy, with pension allowance, if the retired employee has been for ten years immediately preceding in the continuous service of the company. Any employee may be retired after twenty years' continuous service, if unfitted for duty. The pension allowance is on the following basis: For each year of continuous service, 1 per cent of the average monthly pay received for the ten years next preceding retirement. The board provides, however, that in case the demands on the fund exceed $225,000 per annum, a new basis may be established.

The Minneapolis, St. Paul and Sault Ste. Marie Railway Company placed its pension system in effect July 1, 1910, under which it is provided that all officers and employees who have reached the age of sixty-five years shall be retired, unless the company sees fit to extend individually their service to seventy years. Those retired after fifteen years of service shall be pensioned. The pension is based as follows: For each year of service, an allowance of 1 per cent of the average regular monthly pay received for the ten years next preceding retirement.

The New York, New Haven and Hartford Railway Company reports, through its vice president, under date of December 3, 1910: "This Company has no

system of arbitrarily retiring employees at any specified age; but it has been the rule that, after an employee has been in continuous service for at least thirty years, with a clean record, and has become incapacitated for further work, he is retired on a pension of 1 per cent per annum for each year of service, based on his average wages for the last ten years; but in no event to exceed 40 per cent. Our pension roll to-day aggregates about $100,000 per annum."

Another railroad company, that desires that its name shall not be made public, reports that employees may be retired from the service upon reaching the age of seventy, or, if permanently incapacitated, they may be retired between the ages of sixty-five and sixty-nine. Upon such retirement, if they have been in the active service for twenty-five years, pensions will be awarded them on the basis of 1 per cent of the average regular monthly wages during the preceding ten years of active service, multiplied by the number of years of such service.

Another company reports that pensions are granted at the discretion of the president and chairman of the board.

The Ferrocarriles Nacionales de Mexico reports through its associate secretary, under date of March 6, 1911, that the matter of pension system has been referred to a commission of the board of directors

with a prospect that favorable action will be taken in the near future.

In view of the fact that the Canadian Pacific and Grand Trunk Railway systems have very close affiliations with the American railroads, it is deemed pertinent to this phase of the subject to present an analysis of the pension departments of these two systems.

The Canadian Pacific pension system was inaugurated December 8, 1902; and makes provision for the pensioning of officers or employees who have attained the age of sixty-five years or have been ten years or longer in the company's service; provided, that if an employee has been less than ten years in the service, he may be retained on the active list beyond the age of sixty-five. The committee having in charge the administration of the pension department may retire officers and employees between the ages of sixty and sixty-five, upon the recommendation of the head of the department in which any such employee may be registered. The pension allowance is 1 per cent per annum for years of service, based upon the average monthly pay received for the ten years preceding retirement.

The Grand Trunk Railway Pension Department was placed in operation January 1, 1908, under which officers and employees are compulsorily retired at sixty-five years of age or at sixty years of age if then

disabled; and are pensioned if they have been not less than twenty years in continuous service of the company. Any employee who, after ten years of continuous service, is incapacitated while in the performance of active duty may receive a pension during the period of his incapacity. Pensions are based upon 1 per cent for each year of continuous service, on the highest average rate of wages during any ten consecutive years of service; but no pension shall be less than two hundred dollars per annum.

It is believed that the foregoing analysis presents information concerning every railroad on the North American continent that makes provision for the relief of its aged and wornout employees. This relief is granted in almost every case as a gratuity by the company and without any special contributions from employees. That the motives inspiring these great transportation companies are largely economic is shown in nearly every case in the preamble or announcement with which the inauguration of the pension scheme is accompanied.

One of the largest railway systems, in making an announcement through its president recently, uses the following language to express this sentiment: —

> It is with much pleasure and satisfaction that I issue the accompanying announcement of a plan adopted by the Board of Directors, for the payment of pensions to loyal and faithful

employees of the Company, who through age or disability are unable to continue longer in the service.

The success of the Company is dependent largely upon two factors, viz., wise and conservative management by its Board of Directors and officers, and loyal and efficient service and coöperation on the part of the men in the ranks. I trust that the establishment of this pension plan, entirely at the expense of the Company, will be accepted as an expression of appreciation of faithful, efficient service in the past and as an incentive for renewed effort to make the service rendered the public still more efficient and valuable.

It is hoped that it will be found possible in the future to make more liberal provision than the present plan permits, especially for those who receive the lowest compensation. To this end, we ask the hearty coöperation of every employee in everything that will promote the prosperity of the Road, as upon this prosperity depends the ability of the Company to make such increase.

All of these non-contributory pension schemes contain a provision that, in case of disability resulting from intemperance, immorality, or any cause within the employee's control, a pension will not be granted; or, if already granted, may be suspended or withheld. This condition must result in the cultivation of sobriety and uprightness of conduct.

It is also provided, in nearly every plan, that the promise of the payment of a pension shall not be construed as giving any employee a legal right to be retained in the company's service, or any legal ground to demand a pension.

Nearly all of the companies have this stipulation in their pension plan: "While it is the policy of the company to encourage its employees to remain with it and, by faithful service, to earn a pension, the company expressly reserves its right and privilege to discharge at any time any officer, agent, or employee when the interest of the company, in its judgment, may so require, without liability for any claim for pension or other allowance than the salary or wages due and unpaid."

It is usually stipulated also that the acceptance of a pension does not debar a retired employee from engaging in other gainful occupation; provided, such occupation is not detrimental to the interests of the company granting the pension.

In order that pension allowances shall be applied wholly for the relief of the pensioner, it is especially provided that any assignment, or attempt at assignment, of a pension shall be sufficient cause for its annulment.

It may be interesting to glance at the English railroad pension systems as the prototype of those in vogue in America.

The first of these seems to have grown out of the Midland Railway Friendly Society, September 1, 1859. This is a contributory system — the rate of fortnightly contributions being based upon age at

admission, ranging from one shilling for ages under twenty-one to ten shillings at age thirty-five; beyond which age, members are not admitted. These contributions provide certain benefits in case of sickness, or on the death of a member or his wife. The superannuation allowance provided for in the rates begins at age sixty-five, at which time the contribution ceases and the pension ranges from four shillings sixpence to eight shillings per week. There is also a voluntary supplementary pension fund which increases the superannuation allowance from eight shillings to ten shillings per week, on payment of a small additional contribution. These contributions are returnable if a member retires from the service voluntarily after eight years; but not if he is dismissed from the service for dishonesty. It is also provided that in case of a member's death before receiving the pension, the amount of contributions shall be paid to his family or legal representative. A member may retire from the service voluntarily at sixty; and must retire on reaching the age of sixty-five. And his annuity for life amounts to a proportion of the average salary received by him from the date of his first contribution till his retirement from the service; for instance, if he has contributed for ten years, his yearly amount of superannuation in percentage of his average salary would be twenty-

five. If he has completed thirty years of contribution, the yearly amount of superannuation in percentage of his average salary would be fifty-two; and if he has completed fifty years of contribution, such amount would be eighty-three, etc. It is also provided that if a member continues to work after sixty, his pension shall be increased by $1\frac{1}{2}$ per cent of every completed year of deferred retirement to age sixty-five. The report of the Management Committee for the year 1910 shows 1145 pensioners on the roll, whose annuities for that year amounted to £21,813. The total amount of superannuation benefits paid from 1880 to 1910 is £158,233 (approximately $791,165). It may be remarked that this society complies with the law requiring quinquennial valuations; and the latest balance sheet received, as of December 31, 1905, computed with interest assumption of $3\frac{1}{2}$ per cent, and taking into account the railway company's grant of twelve shillings sixpence per year per member, shows that the society is absolutely solvent.

The Great Eastern Railway, according to advices from the general manager, under date of March 10, 1911, conducts three retirement systems: a superannuation fund opened to salaried (*i.e.* clerical) staff and officers, including station masters, with retirement optional at sixty years of age; a pension fund

open to wages staff; and a pension supplemental fund, with retirement optional in both these latter funds at sixty-five years of age. Membership in the first-named fund is compulsory, but not in the case of the other two funds. The funds were voluntarily established by the company and their benefits are assured to the members under the company's guarantee. The Secretary of the Managing Committee reports the number of pensioners in the three funds, on December 31, 1910, as follows: —

	Under 65 Years of Age	Over 65 Years of Age	Total
Superannuation Fund since 1879	301		301
Pension Fund since 1891 . . .	102	238	340
Pension Supplemental Fund since 1895	143	251	394
Totals	546	489	1035

Of these, 628 were still drawing annuities at the close of the year 1910.

That the English railways build their pension systems on scientific bases is further shown in the following synopsis of a report from the Great Central Railway, through its general manager, under date of March 28, 1911: The company were members of the Railway Clearing House Superannuation Fund, es-

tablished in 1874; but on October 1, 1905, established their own fund on the basis of an Act of Parliament, at which time the moneys standing to the credit of the company and its staff in the Railway Clearing House Fund were transferred to the company's own fund. The pension system includes officers, clerks and other servants engaged by the month or longer, in contradistinction to those engaged by the week. Membership is compulsory on those joining the service up to forty years of age (those over that age not being eligible); and each member contributes to the fund a sum equal to $2\frac{1}{2}$ per cent of his salary. If his salary be reduced, he is still entitled to continue his contributions on the higher basis and receive benefits accordingly. Retirement is optional at age sixty and compulsory at sixty-five. A member must contribute for a period of at least ten years before being entitled to a superannuation allowance. Contributions made for five or less than ten years will be returned, without interest, if an employee retires from the service. The managing committee also has the discretion to return to a retiring member his contributions for less than five years. The minimum pension allowance is five shillings, and the maximum, fifteen shillings per week; the basis being to divide the annual weekly wages for the last ten years of service into a given number of parts, as follows: —

"If 60 years of age, average weekly wages for the last ten years divided into . . . . . 70 parts
61 years of age . . . . . 69 parts
62 years of age . . . . . 68 parts
63 years of age . . . . . 67 parts
64 years of age . . . . . 66 parts
65 years of age . . . . . 65 parts

and the result multiplied by the number of years' service, and divided by two, gives the amount of the allowance to be granted." "These allowances are granted only to employees who have attained the age of sixty years and over and who have had twenty-five years' permanent and continuous service with the company. They are terminable at the pleasure of the directors of the company; and are only paid until such time as the recipient attains the age of seventy years, when he becomes eligible for an old-age pension under the provisions of the Government scheme." On this 1903 plan, retiring allowances are borne entirely by the company; and it would seem, therefore, that there are really two systems in operation: first, the contributory, providing for an annual pension of not less than £30 and computed on the average salary basis, as above described (in which case, £60 per annum is reckoned as the minimum salary received); and the non-contributory, with a minimum allowance of five shillings and a maximum of fifteen shillings per week.

The London and Northwestern Railway also has an elaborate pension system, of which an analysis is not deemed necessary, in view of the fact that it so largely corresponds with that of the other English systems already noted.

From this cursory glance at English railway pension schemes, it would seem that the American plans, as a rule, are far more simple and more generally based on the recognition of the principle that old-age pensions are in the nature of a dividend of capital's profits with labor; or deferred wage dividends available at the time of greatest need.

B. Electric Lines

The information concerning pension for employees of electric lines is not very extensive, but is presented largely as an illustration of the ever-widening concentric growth of the pension idea.

The Boston Elevated Railway Company seems to have been a pioneer among "electrics," as the following quotation from its General Order Number 375, dated January 19, 1903, shows: "Support of Blue-uniformed Employees: It is also the intention of the Company, in the case of a blue-uniformed employee, who, in the judgment of the management, is unfit to perform any duty in the service of the Company and who has been continuously employed by the

Company for a period of twenty-five years, or who has reached the age of sixty years and has been continuously employed by the Company for a period of fifteen years, to contribute to the support of such employee a sum not exceeding twenty-five dollars per month during the rest of his life-time." The secretary of the company, in a letter dated April 6, 1911, states: "This intention has been carried out; but in each individual case, the treatment is different, as you will notice; the employee is first judged 'unfit to perform any duty' before he is eligible for a pension. But in many cases, they are found light work to do while under the pension, if they are not entirely incapacitated; and if the class of work entitles them to more than twenty-five dollars per month, they are paid the difference in excess of that sum."

The Denver City Tramway Company operates a pension department as a part of its Mutual Aid Association, which association is composed of the employees of the company who, for the purpose of determining benefits and contributions, are divided into three classes: First, all members whose monthly earnings are eighty dollars or over; second, all members whose monthly earnings are at least sixty dollars and less than eighty; third, all members whose monthly earnings are less than sixty dollars. The contributions are monthly, as follows:

First class, one dollar; second class, seventy-five cents; third class, fifty cents. These contributions provide for sickness, accident and death benefits, as well as pensions. In order to enable the association to carry out its plans effectually, the Tramway Company has entered into an agreement with the Mutual Aid Association, under which it pays into the treasury of the association monthly an amount equal to one-fourth of the total contributions of the members for the month; and also agrees to make up any deficiencies, provided that its advances on this account shall be repaid from future contributions. The age of retirement on pension is fixed at seventy years, compulsory, and sixty-five for incapacity, provided the employee has been for twenty-five years or more in the active service of the company; except that fifteen years' service will be accepted as the minimum required in certain cases. The pension allowance is fixed at twenty-five dollars per month for employees in the first class; twenty dollars for those in the second; and fifteen dollars for those in the third. It is also stipulated that, when the pensions exceed an aggregate of eighteen thousand dollars per annum, a new basis of computation shall be established. The vice president and general manager of the company writes, under date of September 8, 1911, that, during the past seven years,

seven employees have been retired; and that the pension roll now amounts to a total of one hundred and forty-five dollars per month.

The Omaha Railway Employees' Benefit Association contains the following stipulation among its rules: "Members of this Association who shall hereafter be placed by the Pension Board of the Chicago, St. Paul, Minneapolis and Omaha Railway Company upon the pension rolls of said company, shall thereby become entitled to receive thereafter from this Association a supplemental pension allowance equal in amount to one-half the pension allowance granted by said company; provided, however, that no such supplemental pension allowance to be paid by this Association shall be based, in whole or in part, upon a rate of salary or wages exceeding two hundred dollars per month." It would seem that this is the only pension provision in connection with this service.

The Brooklyn Rapid Transit System placed in operation a pension plan on December 14, 1909, under which the pension "ranges from fifty per cent of the average monthly wage during the ten years preceding retirement of those who have served continuously for thirty-five or more years to 30 per cent of the average ten years' wage for those who have served continuously for less than thirty years and more than thirty-five years. Under this arrangement, many

employees, upon retirement, will receive an income equivalent to 4 per cent per annum upon an investment of ten thousand dollars." It is made obligatory that every employee to become eligible for a pension must belong to the Employees' Benefit Association and maintain his membership therein continuously to the time of retirement. The retiring age is fixed at seventy for service, and from sixty-five to sixty-nine for incapacity, though an employee may be retired and pensioned under sixty-five years of age if incapacitated and after a service of at least thirty years. It is, however, provided that pensions shall not be available for employees who have for a period of five years or more before retirement been receiving in excess of fifteen hundred dollars per annum.

The Philadelphia Rapid Transit Company adopted a pension system for its employees, effective on December 31, 1909, by which each employee on reaching the age of sixty-five, after twenty-five years of continuous service in the company, is entitled to retire on a pension of twenty dollars per month. Such retirement is voluntary; but the company reserves the right to make compulsory retirements on pension "in the case of employees who are so infirm as to be unable properly to perform their duties."

The following street railway companies at New

Bedford, Massachusetts, namely, Union Street Railway Company, Dartmouth and Westport Street Railway Company, the New Bedford and Onset Street Railway Company, instituted on April 28, 1910, a joint pension department under the direction of a pension board representing the individual boards of directors. Under the rules of this department, any officer or employee, except executive officers, must be retired on reaching the age of seventy years, and if he has been, for twenty consecutive years preceding his retirement, in the active service of the company, he may be pensioned on the following basis: "For each year of consecutive service, 1 per cent of the average monthly pay actually earned by the employee during the ten years next preceding retirement, except that no pension allowance shall be less than twenty dollars per month nor more than one hundred dollars a month." For disability, any officer or employee may be retired and pensioned between the ages of sixty and sixty-nine. If he has been in the company's employment for twenty years consecutively next preceding his retirement, his pension is calculated upon the same basis as that for service retirement. It is also provided that, in case of disability prior to age sixty or in case the term of service has been less than twenty years, the board may grant a special pension; also, that pension allowances may be con-

tinued to widows or orphans of pensioners for a fixed period of time, at the discretion of the board.

The Public Service Corporation of New Jersey announced, under date of December 28, 1910, that it had adopted a pension plan for the carmen of the city of Camden, under which employees retiring at sixty-five, after having been in the service of the company for twenty-five years, would receive a pension of not less than two hundred and forty dollars a year.

The West Penn Railways Company, on January 1, 1910, put into operation a system of death benefits ranging from one hundred dollars for an employee dying during the first year of his service to five hundred dollars for those who have been in the service for five years or more. A system of superannuation benefits is also provided for those who retire after ten years' consecutive service in the company, which is really the five-hundred-dollar death benefit commuted into monthly payments; that is to say, an employee, whose beneficiary would be entitled to five hundred dollars on his death, will be paid eight dollars and thirty-three cents per month on his retirement, until he has drawn the total sum of five hundred dollars as retirement benefits. In case the death of a superannuated employee takes place before he has drawn the full amount of five hundred dollars, the residue will be paid to his beneficiaries. In a letter

dated March 24, 1911, the secretary of the company states: "It is the hope of our officers to be able to double the amount of payments in the death benefit schedule; so that the final amount will be one thousand dollars, and the superannuation payments be increased accordingly."

The United Traction and Electric Company of Providence, Rhode Island, which practically controls all of the trolley lines in the state, outside of Newport, operates a non-contributory pension scheme available to all employees upon their attaining the age of seventy, on the following scale of per cents of salaries at time of retirement for each year of service: —

Service for 10 years and less than 20	1 %
Service for 20 years but less than 25	1¼%
Service for 25 years but less than 30	1½%
Service for 30 years but less than 35	1¾%
Service for 35 years or longer	2 %

This pension scheme is the supplement of a mutual insurance fund to which employees contribute and from which they receive benefits according to the following schedule: —

Employees	Weekly Wages	Weekly Contributions	Death Benefits	Weekly Disability Allowances
First class	Up to $8.00	$.10	$500.00	$4.00
Second class	$8 to $120	.15	750.00	6.00
Third class	Over $120	.20	1000.00	8.00

The company is required, by its contractual relation to this mutual insurance fund, to make good any deficiencies, owing to extra demands on the fund, above the regular contributions of the employees, according to the above schedule and the supplemental contributions of the company. The operation of this plan provides that if an employee is disabled while in the service of the company, he receives a weekly allowance for invalidity until he reaches the age of seventy, when such allowance stops, and he becomes a beneficiary of the pension fund, operated gratuitously by the company for employees retired by reason of the age limit. This plan was devised by an actuary of high standing and will evidently serve as a model for other companies seeking to formulate a reliable and equitable pension scheme.

There are, perhaps, other electric lines within the country in which superannuation benefits are provided for in some form or other. The above-given analysis shows a commendable tendency in this direction.

C. Steamship Companies

In view of the fact that the merchant marine of the United States is largely controlled by the railroads, what has already been said concerning pensions for railroad employees is generally descriptive of those for steamship employees. For instance, the New York,

New Haven and Hartford Railroad Company extends its retirement pension system so as to include the employees of the New England Navigation Company. The Southern Pacific extends its pension system so as to include the employees on its Atlantic Steamship Lines and the Pacific Mail Steamship Company.

The Old Dominion Steamship Company, on December 31, 1902, announced its purpose of retiring employees of every description "who, in the opinion of the board of directors, shall have served the company faithfully for a period of not less than twenty-five years and shall have reached the age of seventy years or shall have been retired after reaching the age of sixty-two years because of incapacity. The decision of the board as to the eligibility of any employee in respect to the term and faithfulness of his service shall be final. The adoption of this system shall not affect the right of the company to discharge any employee who for any reason, physical, mental, moral, or otherwise, shall be unsatisfactory. . . . Retired employees shall be held to be no longer in the employment of the company and shall be at liberty to engage in other occupations. . . . It is intended that retired employees shall receive annual allowances at the rate of 1 per cent for each year of their service in the company, computed upon the average annual amount of their pay or salary during the last ten years

of their service; provided, however, that the company's entire expenditures for retiring allowances in any one year shall never exceed 1 per cent of the total pay roll for that year; and if such 1 per cent shall not be sufficient to pay in full the retiring allowances for that year, all such allowances shall be ratably abated. It is provided further and must be understood by the employees of this company that the continuance of the scheme of retiring allowances now provided for depends upon the earnings of the company; and may, in unfavorable business years, be suspended or may be at any time discontinued at the option of the board of directors. All allowances granted pursuant to this plan shall be absolutely unassignable in whole or in part and shall cease with the death of the recipient."

This completes the survey of efforts at relief of old age dependency among transportation companies in America so far as the data have been furnished in response to oft-repeated requests made practically of all such companies operating under charters granted in the United States. It is regrettable that only a few more than a score of the many hundreds in operation report the adoption of any plans whatever for the relief of worn-out and aged employees, whose faithful and long-continued service has contributed to the great wealth and efficiency of American transportation lines.

CHAPTER V

Teachers' Retirement Funds

It seems remarkable that the United States, which has led the world in compulsory education at public expense, should be far behind other countries in making provision in law for the support of worn-out and aged teachers. Russia established such laws in 1819; Saxony, in 1840; England, in 1848; France, in 1858. Other countries in which such laws prevail are Ireland, Spain, Servia, Italy, Austria, Belgium, Sweden, Norway, Finland, Australia, Japan, Mexico, Chile, Argentine Republic, Ontario, Quebec, and nearly all the cantons of Switzerland.

Some of these retirement laws are exceptionally liberal; for example, in the Argentine Republic, the law, enacted some ten years before the first law on this subject in the United States, provides for the retirement of any member of the teaching force entirely at the expense of the government, on full salary, after twenty successive years of service; and three-fourth's salary after fifteen continuous years of service, if then incapacitated or if position then becomes abol-

ished. Under this law, a teacher may be retired on full salary, whatever the length of service, who has become disabled "on account of a heroic act performed *pro bono publico* or through endangering life in trying to save a fellow creature from death, or in a struggle fought in the exercise of his office, or through any accident undoubtedly occurring while in the performance of his duties."

Like every other altruistic movement in this country, the effort to secure pension legislation on behalf of teachers has made slow progress. The first systematic effort, so far as the records show, was made by the teachers of the city of Brooklyn in 1878. Bills were introduced into the New York legislature on their behalf in 1879 and 1881, but failed to become laws. New York City secured the passage of a law in 1894, and Brooklyn in 1895. From this successful start, the movement has spread quite generally over the country, but, as yet, is almost entirely confined to the larger cities, which are made, either by name or by the wording of the law, the only part of the state to which teachers' pension laws apply.

The following summary of teachers' pension provisions by states and cities within the states presents the situation regarding the teachers' pension movement in this country as it exists at the close of the year 1911.

Alabama

No law on the subject has been enacted by the legislature; and no pension system has been put into operation in any city or other part of the state, although there was some agitation along this line in the early part of the year 1911.

Arizona

No law has been enacted either for the territory or for any city or section thereof.

Arkansas

The same situation obtains as in Arizona.

California

The Teachers' Retirement Fund Bill was successful in the legislature in the early part of 1911, but was not approved by the governor.

Colorado

Law of 1909 applicable to the city of Denver. Management: Board of education. Fund: Created by a levy of not to exceed one-tenth of a mill on property taxable for school purposes. The present levy for teachers' retirement fund is one-twentieth of a mill; and has brought into the fund $6500. Beneficiaries: Any teacher who has served at least ten years may be voluntarily retired on satisfactory

evidence of permanent incapacity; any teacher who has served at least ten years and is compulsorily retired on the recommendation of the superintendent of city schools. Pensions: Thirty dollars per month. The superintendent of the Denver city schools, in his seventh annual report, for 1909 and 1910, remarks:[1] "I feel convinced that this Retirement Fund is going to result in benefit to the schools in two ways: First, those now teaching feel more contented because there is the assurance of a reasonable return after the days of active service have been completed; second, those whose efficiency has become impaired on account of age can be retired without injury to the individual and make possible the substitution of more efficient teachers. It is to be hoped that sometime in the near future the Board of Education will see its way clear to increase the monthly payment to those on the retired list, from $30 to $40." There were, at the beginning of 1911, eight teachers drawing pensions, — two on account of ill health and six on account of length of service.

Connecticut

The legislature of the state enacted a law during the summer of 1911, under which a teachers' retire-

[1] Seventh Annual Report of School District No. 1, in the City and County of Denver, Colorado, pages 21 and 22.

ment fund is established for the city of New Haven. Management: The board of education. Fund: Contributions of teachers, — 1 per cent of annual salary for all those in the service ten years or less and 2 per cent for those more than ten years. The board of education appropriates, at the close of each fiscal year, enough money to make up the difference between receipts and the actual amount spent during the year in pensions. Beneficiaries: Any teacher who has taught for at least thirty years, twenty of which were in the public schools of New Haven. Such teacher may apply for retirement on reaching sixty-five years of age. Any teacher who has taught for fifteen years, the last ten of which have been in the public schools of the city, may be retired for incapacity. Pension: One-half of the annual salary on retirement, to be not less than four hundred dollars, however, nor more than eight hundred dollars a year.

Delaware

No information at hand.

District of Columbia

A movement was made early in the year 1911 to secure the passage of a teachers' retirement fund for the city of Washington. Several facts were adduced in support of the measure. It was said that for twenty

years prior to 1906, the average annual salary of District public school teachers had been barely six hundred and seventy dollars. After 1906, the average was about seven hundred dollars; and now, including high school principals and heads of departments, it is nine hundred and eleven dollars. Concerning this low remuneration, a congressman remarked that the policemen were paid more to crack the skulls of the children in Washington than the teachers were paid for putting something into them. The truth of this statement is evidenced by the fact that even now one of the District high school teachers receives the same salary as the assistant janitor of the building.

Florida

No action has been taken, although the subject has been agitated.

Georgia

There is no state law providing for teachers' pensions. The superintendent of schools in Atlanta reports that there are two teachers in the city relieved of duty, but kept on full pay, because of their long connection with the schools.

Idaho

There are no laws providing for teachers' pensions. The superintendent of public instruction in Boise

remarks: "Our State is young and most of the teachers are young. . . . There should be such laws for the protection of our teachers in the future."

Illinois

The state legislature passed a law May 11, 1907, authorizing the establishment and support of a teachers' pension fund for the city of Chicago. Management: A board of trustees, consisting of nine members chosen by the board of education. Funds: Created by interest on public school moneys; not to exceed in any one year 1 per cent of the school levies; and all moneys received from donations, legacies, gifts, or bequests; also, five dollars per annum deducted from the salary of teachers who have taught five years or less; ten dollars per annum from the salary of those who have taught five years and not more than ten; fifteen dollars per annum of the salary of those who have taught ten years and not more than fifteen; and thirty dollars per annum of those who have taught more than fifteen years, provided that if any teacher has withdrawn from the force prior to the establishment of the fund, he might become eligible to benefits by paying into the fund all arrearages, with 4 per cent interest, and thereafter contribute according to the above schedule. Beneficiaries: Any person who has taught in the public schools for twenty-

five years; any person who has taught for fifteen years and is relieved of duty because of permanent disability. Pensions: Four hundred dollars a year, or such proportion thereof as the amount contributed by the teacher bears to the total amount he should have contributed under the rules. Under this head, it is provided that each teacher shall have paid an aggregate of four hundred and fifty dollars in order to become entitled to a pension; also that any teacher contributing to the fund shall not be discharged, except for cause upon written charges. Any teacher retiring voluntarily shall receive a refund of one-half of the money he has contributed to the fund. It is also provided in the law that all pensions shall be exempt from attachment or garnishment.

Indiana

Law passed by the General Assembly in March, 1907, applicable to the city of Indianapolis only. Management: A board of trustees composed of three members of the board of school commissioners elected annually, superintendent of public schools, one principal and two teachers. Fund: Gifts and bequests and 1 per cent per annum of the salary of teachers who have taught not in excess of fifteen years, but not more than ten dollars per annum; 2 per cent, but not to exceed twenty dollars, of the annual salary

of teachers who have taught longer than fifteen years, provided such salaries shall amount to four hundred and fifty dollars per year or more. Beneficiaries: Any teacher who has taught forty years, or any teacher incapacitated after fifteen years' service, or any teacher retired by action of the board after twenty-five years. Pensions: Six hundred dollars per year or such proportion thereof as the number of years taught bears to forty. It is also provided that if a teacher retires from the service, he shall be entitled to the return of one-half of the amount he has paid in, without interest. In case of death, one-half of the teacher's contributions, without interest, shall be paid to his heirs or estate. It is also provided that, in case the fund is not sufficient to pay all pensions in full, they shall be prorated accordingly; and also that pensions shall be exempt from attachment or execution. The determined effort to secure the passage of a state-wide teachers' pension act, during the legislative season of 1910–1911, failed because the teachers would not consent to the striking out of the bill a state aid provision.

Iowa

No law has been enacted on the subject, although strenuous efforts were made in the early part of 1911 to have such legislation enacted, leading educators

of the state believing that they had drafted a model pension bill, which, however, failed of passage.

Kansas

The legislature enacted a teachers' retirement fund law in 1911 for cities of the first class. Management: Boards of education. Fund: Voluntary contributions from teachers who expect to be beneficiaries: not less than 1 per cent nor more than 1½ per cent of every instalment of salary; the setting aside from the general fund for the support of the schools in said city an amount not less than one and one-half times the amount of teachers' contributions and not less than the amount necessary to meet the payments on account of retirement; gifts, devises, etc. Beneficiaries: Any teacher who has been in the service for thirty years, fifteen of which must have been in the city schools; any teacher who has been twenty-five years in the service, fifteen of which were in the city schools, may be retired for incapacity. Pensions: Five hundred dollars per year, provided the teacher has a total credit in the fund of not less than one-half of the amount of the first annuity. In case the teacher's contributions do not reach this standard, deductions may be made from the first year's pension to wipe out the deficiency. It is provided, however, that, in case of retirement for disability, the teacher

shall receive such proportion of five hundred dollars per year as the total years of service bear to thirty. Provision is also made that, in case of voluntary retirement or failure to secure reëmployment, all of the teacher's contributions, without interest, shall be returned; also, that should any teacher die before drawing benefits from the retirement fund, his total contributions, without interest, shall be returned to his heirs.

Kentucky

A bill was passed by the legislature in 1909, creating a teachers' retirement fund for the city of Louisville. It was, however, vetoed by the governor. No other legislation has been enacted on this subject.

Louisiana

The legislature enacted a law in 1910, providing for the establishment of a teachers' retirement fund in the city of New Orleans. Management: A board of trustees, composed of superintendent of schools, three members of the board of school directors, and three members of the teaching force. Funds: Gifts, bequests and grants, together with assessments on teachers' salaries, as follows, — 1 per cent, if the teacher has been in the service ten years or less; 1½ per cent, if the teacher has been in the service ten years and not more than twenty, and 2 per cent, if

the teacher has been in the service more than twenty years. Beneficiaries: All teachers employed prior to the passage of the act who voluntarily accepted its provisions on or before January 1, 1911; all teachers employed after the passage of the act. Each teacher must have taught for forty years before becoming eligible to a pension, except that, after ten years' service, a teacher may be retired by reason of total disability; provided, he has paid by assessments or otherwise an amount equal at least to that which he shall be entitled to receive for the first year of retirement. The board of trustees may deduct one-fifth of the deficiency in contributions from the amount of retirement salary for each of the first five years. Pensions: One-half of the teacher's average annual salary for five years immediately preceding retirement, provided that no pension shall be less than three hundred dollars or more than six hundred dollars per year. It is also provided that, on leaving the service before retirement, one-half of the teacher's contributions shall be returned to him, without interest; also, that if he should die before retirement, one-half of the amount he has paid in, without interest, shall be turned over to his estate.

Maine

There are no laws in this state on this subject.

Maryland

Law enacted in 1908. Funds: The state appropriates twenty-five thousand dollars per year, or as much thereof as may be necessary. Beneficiaries: Teachers who have taught at least twenty-five years and have reached the age of sixty or become permanently disabled. Pensions: Two hundred dollars per year. The city of Baltimore has a special teachers' retirement fund which became effective in 1908, but under which no pensions were to be paid until 1910. Management: Seven trustees, consisting of city comptroller, superintendent of schools, two members of the board of school commissioners, and three teachers. Fund: Gifts and devises and assessments on teachers' salaries, as follows, — in the service ten years or less, 1 per cent per annum, but not to exceed fourteen dollars and forty cents per year; in the service more than ten years and less than twenty years, $1\frac{1}{2}$ per cent, but not to exceed twenty-one dollars and sixty cents; in the service more than twenty years, 2 per cent, but not to exceed twenty-eight dollars and eighty cents. Beneficiaries: Any teacher who has been in the service for forty years may retire because of such service; and any teacher may retire because of permanent incapacity, after twenty years' service. Each teacher before becom-

ing eligible must have paid into the fund an amount equal to his first year's pension.

Massachusetts

Law enacted in 1908 applicable to all cities and towns in the state, except the city of Boston. Management: The school committee of the city or town. Funds: Such moneys as shall be appropriated or derived from taxation authorized by the city council or by direct appropriation by a town. Beneficiaries: Any teacher who is sixty years old or over or is, in the judgment of the school committee, incapacitated for service after twenty-five years. Pensions: Not to exceed one-half of the annual compensation of the teacher at the time of his retirement and in no case more than five hundred dollars per year. A special act relating to pensions for the teachers in the city of Boston was passed in 1908 and amended in 1910. Management: A board of trustees of pension fund, consisting of the chairman of the board of commissioners of sinking funds of the city of Boston *ex officio*, one member chosen by the school committee and the third chosen by the board of trustees of the Teachers' Retirement Fund of the City of Boston. Fund: Created by setting aside five cents of the tax levy on each one thousand dollars of valuation, together with interest, gifts, and bequests. Bene-

ficiaries: Any teacher attaining the age of sixty-five years and any teacher relieved of duty because of incapacity, provided that he shall have taught for thirty years or more, ten years of which service shall have been in the city of Boston. Pensions: One-third of the annual salary paid to the teacher at the time of retirement, provided that, after thirty years of service, his pension shall not be less than three hundred and twelve dollars nor more than six hundred dollars per year. If retired before thirty years, the teacher shall draw as a pension such proportion of these amounts as the number of years in the service bears to thirty. In 1907, the Retirement Fund Association was reported to have a fund of $189,689.84, out of which it was supporting ninety-five annuitants and to which 1885 members were contributing. The superintendent of Boston public schools writes, under date of February 2, 1911: "In addition to the above-mentioned pension law, we have in Boston a teachers' retirement fund, created by the legislature in 1900. The maximum pension payable from this fund is one hundred and eighty dollars. All teachers entering the service, subsequent to its passage, became immediately members of the retirement fund association, and three dollars is deducted from their salary every alternate month and set aside and placed in this fund. For all teachers who were in the service

prior to the adoption of the act, membership in the association is optional. In addition to the regular Teachers' Retirement Fund, there is in Boston a Teachers' Mutual Benefit Association, which comprises teachers in the permanent employ of the city. They may be admitted to this association by a two-thirds vote of the board of trustees, by ballot, and upon the payment of the initiation fee of three dollars and assessments. This is a mutual organization of teachers by which a teacher pays into the treasury 1 per cent of her annual salary and receives, upon becoming an annuitant, such annuities as the association is able to pay. The association has a fund of about one hundred and twenty thousand dollars; and the income from this, and the receipts from assessments, are divided among the annuitants each year. The association also controls a private fund of eight thousand dollars."

It should be mentioned that there is also a Teachers' Annuity Guild in Massachusetts, — a voluntary association conducted on an assessment insurance principle, having a membership of 1119 (in 1907), including one hundred and twenty annuitants. The annual assessments are $16, $12, and $8 per $1000, $750, and $500, respectively; and the annuities paid in these classes are $138, $103.50, and $69, respectively. The guild reports a permanent fund of $100,000.

Michigan

Law enacted May 14, 1907, applicable to the city of Detroit. Management: The board of trustees, consisting of the president of the board of education, the president *pro tem.* of the board of education, chairman of the committee on teachers and schools, the superintendent of schools and three teachers. Fund: Deductions from the salaries of teachers, not to be less than 1 per cent, nor to exceed 3 per cent of the salary of each teacher, as determined from time to time by the board of education, — no greater deduction in the aggregate, however, than one thousand dollars from each teacher; tuition fees of non-resident pupils; gifts, bequests and other moneys authorized by the common council, together with interest derived from the permanent general funds. Beneficiaries: Any teacher who has completed thirty years in the service, twenty of which have been in Detroit, and any teacher who has taught for twenty-five years in Detroit. The board of trustees may also place on the annuity roll any teacher who has taught twenty-five years, fifteen of which have been in Detroit; and any teacher permanently incapaciated after ten years' service in Detroit. Pensions: Three hundred and thirty dollars per annum, from which, however, those who have not contributed to the fund at least

fifteen years must suffer a deduction of seven dollars and twenty-five cents per year, until their aggregate contributions shall equal such as would have been made by regular contributions in fifteen years. The teachers of Saginaw, Grand Rapids, Kalamazoo and Lansing have been conducting a systematic, intelligent campaign for the enactment of a law to establish a state-wide teachers' retirement fund; but thus far without avail.

Minnesota

Law enacted in 1909 applicable to the cities of St. Paul, Minneapolis and Duluth. This law has been put into effect in the city of St. Paul by the incorporation of the "St. Paul Teachers' Retirement Fund Association." Management: A board of eleven trustees, five being *ex officio* as follows, — the mayor, comptroller, treasurer, superintendent of schools and president of the board of education; the remaining six trustees are elected by the members of the association. The association is composed of all teachers in public schools in the city of St. Paul. Fund: Initiation fee of five dollars and a deduction of 1 per cent of the annual salary of each teacher; in no case, however, to exceed in the aggregate twenty-five dollars per year, each teacher, however, being required to pay into the fund at least four hundred

dollars before becoming entitled to an annuity. Beneficiaries: All teachers who become totally disabled and such teachers as have taught for at least twenty-five years, fifteen of which shall have been in the public schools of the city. Pensions: Four hundred and eighty dollars per year, provided, however, if a teacher retires because of total incapacity after five years of service, the annuity shall bear the same proportion to the whole annuity as the number of years of service bears to twenty-five. Information concerning any teachers' retirement funds that may have been established in Duluth or Minneapolis has not been received.

Mississippi

Neither the state nor any city within it has adopted any provisions for teachers' pensions.

Missouri

There is no law in the state providing for teachers' pensions. The teachers of St. Louis, however, have organized a "Teachers' Benevolent Annuity Association," which began operations on October 12, 1907. Management: An executive committee consisting of the president, vice president, secretary, treasurer and five members chosen by the association, together with a board of eleven trustees. Funds:

Gifts and bequests and 1 per cent of each teacher's annual salary until the teacher's contributions amount to 1 per cent of the total of his salary for from twenty to thirty-five years of service, according to his election. Beneficiaries: Males who have taught not less than thirty years and females who have taught not less than twenty-five years, provided that the last fifteen years of such service has been in connection with the St. Louis public schools. Pensions: To be determined and apportioned annually by the executive committee and board of trustees. It may be remarked that because of a provision in the by-laws of the association, extending benefits to teachers worn out in the city's service before the association was established, the board of trustees has, by unanimous vote, placed many of these worn-out teachers on the annuity roll of the association. The number of such annuitants for the year 1911 is eighty and the total amount paid out on their behalf for the year is $14,400. It may also be of interest to know that the permanent fund of the association amounted, in October, 1910, to $123,500, which is carefully invested for future use. Notwithstanding the apparent flourishing condition of this voluntary association, the teachers of St. Louis and other cities of the state are making a strong effort for the enactment of a law providing for state-wide teachers' pensions.

Montana

There is no law providing for the establishment of teachers' retirement funds; nor have any such funds been established by voluntary action in the state.

Nebraska

Law enacted in 1909 applicable only to the city of Omaha. Management: Board of Education. Fund: Created by an assessment of not less than 1 per cent nor more than 1½ per cent of every instalment of salary paid to teachers and an appropriation from the general fund, available for school purposes, of an amount not less than one and one-half times the amount of such salary assessments and not less than the amount necessary to meet the demands of the fund; also by gifts and devises. Beneficiaries: Any teacher who has been in the service thirty-five years may be retired on request; any teacher who has been forty years in the service is entitled to service retirement; but to be entitled to full pension, such teacher must have had at least twenty years' service in the public schools of Omaha. Teachers may also be retired because of disability, after twenty-five or more years of service, twenty of which must have been in the city of Omaha. Pensions: Five hundred dollars per year or such portion thereof as the number

of years' service bears to thirty-five. No teacher, because of contributions to the pension fund, is immune from discharge at the discretion of the board at any time; and if so discharged for cause other than disability, incapacity or length of service, such teacher by the law forfeits the contributions made to the fund. The pension, however, is exempt from attachment, garnishment or other execution.

Nevada

No information at hand.

New Hampshire

No law has been enacted by the state on the subject, nor has any information come to hand showing that any city has established a teachers' retirement fund.

New Jersey

This state has two teachers' pension laws: First, "a thirty-five years' district half-pay pension law"; second, a teachers' retirement fund. The first provides for a pension to any teacher employed in the state for not less than thirty-five years, — such pension amounting to one-half of the average annual salary during the last five years of service. This law is state-wide; and the pensions are paid out of funds available for school purposes. The second plan was

established March 11, 1896. Management: A board of trustees, consisting of the state superintendent of public instruction, three persons, not teachers, to be selected by the governor, and five persons to be nominated by the teachers of the state in annual convention, and appointed by the governor. Fund: Two per cent of the contractual monthly salary of each teacher in the service for ten years or less; $2\frac{1}{2}$ per cent of such salary of each teacher over ten and less than fifteen years in the service; 3 per cent of such salary of each teacher in the service for fifteen years or more; provided, that the annual deduction from each teacher shall not exceed fifty dollars in any year nor shall the total deduction from any one teacher exceed one thousand dollars. Beneficiaries: Any teacher employed in the public schools of the state for twenty years and becoming incapacitated for duty. Pensions: Six-tenths of the average annual salary received by the teacher for the five years next preceding date of retirement; provided, that no pension shall be less than two hundred and fifty dollars nor shall any teacher receive a pension of more than six hundred and fifty dollars. If any teacher retires before having paid into the fund an aggregate of one thousand dollars, the unpaid balance may be made up in a lump sum, or the board of trustees may withhold annuity payments and credit the amounts thereof

to the teacher's account until the one thousand dollars have been paid. It may be remarked that teachers employed in the state prior to January 1, 1908, were given the option of declining to come within the provisions of the law. Those employed after January 1, 1908, are *ipso facto* amenable to the retirement fund law. Concerning the operation of this pension scheme in New Jersey, the general secretary of the fund reports as follows: —

During our long struggle to obtain the law, we were constantly assured by high authorities that we would never secure such an act. After our bill became law, it was freely predicted that the fund would never grant an annuity; but, as has been said, "prophecy is a hazardous occupation" which is proved by a recapitulation of the history of our fund. In fifteen years, we have raised over half a million dollars ($547,974.90); have paid $354,333.41 in annuities, and on June 30, 1910, we had a net surplus, all annuities and bills paid, of $193,641.49, of which $124,750 was invested, and $68,891.49 cash in bank. The first annuity was granted December 3, 1897, to Joseph P. Leighton, a Morris County teacher seventy-four years of age, who had taught fifty-eight years, and whose salary had never exceeded $312. That grateful, loyal gentleman has gone to his final reward, his last years solaced by the Retirement Fund. In 1897–1898, $879.01 was paid in annuities; in 1909–1910, annuities paid amounted to $86,648.81, and annuities payable for 1910–1911 amounted, June 30, 1910, to $100,513.91. Other figures in our recapitulation from the beginning, are: 310 annuities granted; value, $122,452.38; average value, $395.01. (The rapid growth in the average value of annuities is shown by the average, $460.88,

of the 74 annuities granted last year, compared with an average of $395.01 for the total 310 annuities.) Rebates amounting to $1,121.80 have been paid. (N.B. — The Act of 1907 abolished the rebate of one-half the amount paid in, granted by former acts to members who ceased teaching in New Jersey after contributing to the fund not less than five years.) Sixty-two annuitants have died; value of their annuities, $21,938.47; average, $353.84. Two hundred and forty-eight annuitants were living June 30, 1910; value of their annuities, $100,513.91; average, $405.29.

New Mexico

No law has been enacted either for the territory or any city or section thereof.

New York State

The first agitation for state legislation, so far as the records go, was made by the teachers of Brooklyn, in 1878. Bills were introduced in the legislature at their request in 1879 and 1881, but failed to become laws. The first law enacted for any city in the state along this line was for New York City, in 1894, — a summary of which follows: —

New York City: Management: A board of seven trustees, composed of the president of the board of education, chairman of elementary schools' committee, chairman of high schools' committee, superintendent of schools and three teachers. Fund: Gifts, devises, 5 per cent of excise moneys, deductions from

teachers' salaries on account of absences and 1 per cent of each teacher's salary, but not to exceed thirty dollars a year for teachers or principals or forty dollars a year for supervisors. Beneficiaries: Any teacher who has been in the service for thirty years, fifteen of which were in New York City, and who has reached the age of sixty-five. After twenty years, fifteen of which have been in the service in New York City, any teacher may be retired for permanent incapacity. Pension: One-half salary; but not to exceed fifteen hundred dollars for teachers or principals, or two thousand dollars for supervisors, with the minimum fixed in every case at six hundred dollars. The Secretary of the Board of Retirement of the Department of Education of New York City stated, in an address before the Pittsburgh Teachers' Retirement Association, November 19, 1910, that 1443 teachers have been retired in New York City since 1894. From the establishment of the fund to December 31, 1909, its total income was $7,033,079.73; and its total of pensions paid out, during the same period, was $5,406,861. The balance invested on January 1, 1910, was $1,626,077.73. Of the 1385 teachers retired to February 1, 1910, three had given more than sixty years of service, sixty-three had given between fifty and sixty years, and two hundred and forty-nine had given from forty to fifty years of

service. The average service of all annuitants is given as, males, forty-one years, nine months; females, thirty-four years, three months.

Several other cities in New York — Albany, Troy, Buffalo, Rochester, Elmira, Schenectady, Syracuse, etc. — have pension funds in operation which are more or less similar; and, therefore, a description of each is not necessary. Those of Buffalo and Rochester following may be taken as typical of the others: to wit: —

Buffalo: Management: Board of five trustees, consisting of the mayor, superintendent of education, chairman of the board of examiners, president of Principals' Association and president of Women Teachers' Association. Fund: All moneys comprising the Public School Teachers' Retirement Fund at the time of the passage of the act (the accumulations under a former retirement fund law passed for Buffalo in 1896); gifts, legacies, etc.; moneys appropriated by the Common Council, which shall not exceed in any year the total deductions from teachers' salaries in the preceding year; deductions from teachers' salaries not less than 1 nor more than 2 per cent per annum. Beneficiaries: Any female teacher who has served for twenty years and any male teacher for twenty-five years may be retired because of permanent incapacity; provided, that four-fifths of such

service was in the public schools of Buffalo. Any female teacher, after thirty years, and any male teacher, after thirty-five years, shall have the right to retire because of service. Pensions: One-half of the annual salary paid to the teacher at the time of his retirement; provided that the teacher's total contributions equal 40 per cent of his annual salary at the time of retirement. Should his contributions be less than that, deductions will be made from the pension until the amount to his credit in the fund meets this requirement. It is also provided that, in case the fund is not sufficient to pay all pensions in full, they may be prorated accordingly; also, that if any teacher fails of reëlection or reëmployment in the service, he shall be entitled to draw out all the money deducted from his salary for the benefit of the retirement fund, without interest.

Rochester: Management: A board of trustees, consisting of the commissioners of schools, the superintendent, one principal and one teacher. Fund: Donations, legacies, etc.; an amount to be paid by the city of Rochester from funds available for school purposes, not to exceed in any year one-half the total sum deducted from the teachers' salaries for the preceding year; 2 per cent of the annual salaries paid to teachers. Beneficiaries: Any teacher who, after twenty years, if a female, and twenty-five years,

if a male, is refused reappointment; provided that not less than fifteen years of such service have been in the public schools of Rochester; any teacher who has been for thirty years, if a female, or for thirty-five years if a male, in the service, with fifteen years of such service in the public schools of the city, may be retired for service. Pension: One-half of the annual salary at the time of retirement, not exceeding, however, eight hundred dollars. Should the fund be insufficient to pay all pensions in full, they shall be prorated accordingly; but no teacher shall become a pensioner until he has paid into the fund at least forty per cent of the amount of his annual salary at the time of retirement. It is provided that if a teacher is discharged before becoming a pensioner, all the money deducted from his salary, without interest, shall be returned. The Fifty-fifth Report of the Board of Education of the City of Rochester, for the years 1908, 1909 and 1910, shows that twenty-two teachers have been placed on the retired list; and that there have been received from the teachers $42,777.03, and from the Board of Education, $21,389.02, and from sundry other sources, smaller amounts, making the total receipts in the Teachers' Retirement Fund $77,504.25, out of which $13,267.26 have been paid in pensions, and other small amounts for miscellaneous purposes, making

total disbursements, $13,985.91, leaving a balance of $63,518.34, of which $45,000 is invested and the balance is in bank.

New York State: A long agitation for a state-wide teachers' retirement fund in the state of New York ended successfully June 26, 1911, when the bill passed by the legislature was approved by the governor. Management: A State Teachers' Retirement Fund Board of five members appointed by the commissioner of education, one of whom shall be a superintendent of schools in a city or district, one an academic principal and one a teacher in an elementary school. It is provided that one of the members of this board shall be a woman teacher in the public schools. Fund: Deductions from teachers' salaries to the amount of 1 per cent per annum obligatory upon teachers employed after the passage of the act and optional upon all teachers whose contracts were entered into prior to the passage of the act; donations, legacies, interest, etc., and such appropriations as may be made by the state legislature from time to time to meet the requirements of the fund. Beneficiaries: Any teacher who has been in the service for twenty-five years, the last fifteen of which shall have been in the public schools of the district or cities of the state, subject to the provisions of the law; and any teacher who has been in the service for fifteen

years, the last nine of which, or more, were in such schools, may be retired for incapacity; provided that no teacher shall be entitled to an annuity who has not contributed to the fund an aggregate of at least 30 per cent of the annuity allowed. Should his contributions have fallen short, the deficit may be made up by deductions from his pension, or by a lump contribution. Pensions: Beginning on August 1, 1913, each teacher retired for service shall receive an annuity equal to one-half of the annual salary drawn at the time of retirement; provided that no annuity shall exceed six hundred dollars. In case of retirement for disability, the teacher shall receive such proportion of the full annuity as the number of years taught bears to twenty-five. It should be remarked that this law is not made to apply to districts and cities which have already secured the passage of special teachers' pension acts, as above described; but otherwise is general in its application throughout all the counties of the state.

North Carolina

No law has been enacted, although, in the early part of 1911, the North Carolina Teachers' Assembly had under consideration the preparation of a bill for this purpose.

North Dakota

The superintendent of public instruction reports that there is no law providing for teachers' pensions in the state; nor is there any community in which such pensions have been established by municipal or voluntary action.

Ohio

The teachers' pension fund law, as amended by the General Assembly, March, 1906, and in 1911, provides that the board of education of any school district may create a school teachers' pension fund for such district, which shall be under the management of a board of trustees composed of not less than three nor more than seven, two of whom must be elected by the board of education and the rest chosen by the teachers of the schools in the district. Fund: Shall be created by deducting from the salary of each teacher in the district two dollars per month, to be supplemented by an appropriation by the board of education of a sum not less than 1 per cent nor more than 2 per cent of the gross receipts for school purposes by taxation. Beneficiaries: Teachers who have been in the service for thirty years, one-half of which must have been in the public schools of the school district; provided that the teacher shall have paid into the fund a sum equal to twenty dollars a year for each

year of service; but not to exceed an aggregate of six hundred dollars. Should this aggregate not have been paid, the board of trustees must deduct 20 per cent of each payment to the pensioner until the credits on account of such deductions, together with the former contributions of the teacher, amount to six hundred dollars. Teachers who have been in the service for twenty years on like conditions and have become totally incapacitated may also be retired. Pensions: Twelve dollars and fifty cents for each and every year of service rendered; but not to exceed four hundred and fifty dollars in any one year. Several of the cities of the state have taken advantage of this law and have established funds, notably Columbus, Toledo, Cleveland, Dayton and Cincinnati.

Oklahoma

No legislation on the subject has been obtained, although a strong effort was made for a pension law during the 1911 session of the legislature.

Oregon

The state legislature has enacted a law which went into effect May 11, 1911, authorizing the creation of teachers' retirement fund associations. A brief summary of this law is as follows: The teachers of every school district having ten thousand children of school

age may, with the consent of the board of directors of such district, organize and incorporate an association on such plans as the board of directors of the district may approve. The law provides that a sum equal to 1 per cent of the amount of tax received by said school district for school purposes shall be paid to such association as rapidly as the money is received, which shall be held and invested by the association as a retirement fund. There seems to be considerable elasticity in the law relative to raising funds from other sources, as each association "shall have full power and authority to receive, collect, invest, loan and deposit funds in accordance with the said plan so adopted." It is provided, however, that in case the funds of the association are not sufficient to pay pensions in full, as agreed upon in the plan, pensions shall be prorated; also that the funds available for pensions shall be exempt from all process of execution.

Pennsylvania

The present law in this state was enacted May 23, 1907; and is applicable to cities of the second and third classes only. Funds: Such as may be available at the time the law was passed and such as may be appropriated from time to time by the school authorities, together with donations and bequests. Beneficiaries and Pensions: Any teacher who retires

with the consent of the school authorities may receive such pension as those authorities prescribe.

Pittsburgh: Under this law, the Pittsburgh Teachers' Retirement Association was organized January 25, 1908. Management: A board of eight trustees, three of them business men, three teachers, and the superintendent of public schools and a supervising officer. Funds: Donations, bequests; and two dollars per month during the school year from each teacher until he shall have paid in the sum of six hundred dollars. Beneficiaries: Teachers who have taught for thirty years, fifteen of which have been in the city public schools, and those who have taught more than ten and less than thirty years and become permanently incapacitated. Pensions: Four hundred dollars a year; provided that for disability retirement, pension shall be as many thirtieths of this amount as the number of years taught bears to thirty. It is also provided that if a teacher resigns after two years' service, he may receive a refund of 50 per cent of what he has paid in; and, in the event of the death of a teacher, 50 per cent of his contributions shall be paid to his heirs. The report of the treasurer for the year ending October 15, 1910, shows $50,439.78 as the fund's assets at that time.

Harrisburg has also a teachers' retirement fund, established by action of the board of school directors

April 3, 1908. Management: A retirement board, consisting of the president and two members of the board of school directors and two teachers. Funds: Annual provisions by the school directors, equal to the contributions made by the teachers during the preceding year; 2 per cent of the salaries of teachers in the service ten years or less, and 3 per cent of those more than ten years; provided that the maximum contribution from a teacher in any one year shall not exceed fifty dollars. Beneficiaries: Teachers who have taught thirty years, twenty of which shall have been in the Harrisburg public schools, and teachers who are retired by disability after five years of service; provided that no teacher shall be entitled to a full annuity unless he has made contributions equal to at least twenty-five years' deductions. Pensions: One-half the annual salary at the date of retirement; minimum, three hundred dollars; maximum, eight hundred dollars. In case of retirement before twenty-five annual contributions to the fund have been made, the pension shall be such proportion of the whole amount as the number of years taught bears to twenty-five. It is provided also that the pensions may be prorated if the funds are not sufficient for full annuities. It is also provided that, at the discretion of the board of directors, partial pensions may be granted teachers disabled after five years' service.

Philadelphia has a teachers' retirement fund which went into operation January 1, 1907, in pursuance of a special act of the legislature, passed April 22, 1905. Management: A retirement board consisting of the president and two members of the board of public education, one member of the department of superintendents and one teacher. Funds: Appropriation by the board of public education of fifty thousand dollars for the year 1907; and, for the years thereafter, of sums equal to the contributions by the teachers for the preceding year, and teachers' contributions at the rate of 1 per cent of the salaries of those in the service of the public schools of the city for ten years and less, and 2 per cent of those more than ten years; provided that the maximum contribution by any teacher in any one year shall not exceed the sum of fifty dollars. Beneficiaries: Any teacher who has given thirty years of service, twenty of which have been in the public schools of the city; any teacher who has been in the service of the city schools for more than five years and is retired on account of disability; provided, however, that any teacher who has made less than twenty-five annual contributions to the retirement fund shall be entitled to only such benefit as the number of annual contributions bears to the number of twenty-five. Pensions: One-half of the annual salary at the date of retire-

ment; provided that the minimum pension shall be four hundred dollars and the maximum, eight hundred dollars, except that, if the fund permits, the retirement board may increase the maximum to at least one thousand dollars. It is also provided that teachers may retire voluntarily on full pension if they have reached the age of sixty and served thirty years, twenty of which have been in the public schools; also that teachers may be retired for disability on full pension after like service. Teachers dismissed from the service shall be entitled to a refund of what they have paid into the retirement fund, without interest. The treasurer's report shows that from 1907 to 1909 the total amount received was $411,078.68, out of which $97,653.69 had been paid in pensions. After deducting expenses, refunds, etc., there remained invested, $302,558.52. The number of annuitants, December 31, 1909, was one hundred and thirty-five.

Rhode Island

State-wide teachers' pension law was enacted in January, 1907; and provides that any teacher who has been for thirty-five years in the service, twenty-five years of which, including the fifteen immediately preceding retirement, have been in the state, and who shall fail of reëmployment, or voluntarily retire, shall

receive a pension equal to one-half of his actual contractual salary during the five years before retiring; but in no case to exceed five hundred dollars per year. It is reported that since this law went into effect, eighty-two teachers (up to the end of 1910) have been retired on annual incomes of three hundred and thirty-one dollars per year; and that the state has paid a total to retiring teachers of $32,887.34.

The *City of Providence*, however, has a special teachers' retirement fund, established by an act of the legislature, May 21, 1897, which may be summarized as follows: Management: A board of trustees, consisting of the chairman of the school committee, three members chosen by such committee, the superintendent of the schools, the city treasurer and three teachers. Fund: Donations, bequests, etc., deductions of 1 per cent from teachers' salaries; provided that "no teacher shall be assessed for more than 1 per cent of twelve hundred dollars per annum." Beneficiaries: Any teacher who has contributed to the fund at least five years and shall have taught in the public schools not less than thirty-five years, if a man, and thirty, if a woman, twenty of which shall have been in the city, may be retired or may voluntarily retire; and any teacher who has taught not less than ten years, and contributed to the fund for five years, may be retired for incapacity. Pensions:

One-half of the salary at time of retirement; provided that no pension shall exceed six hundred dollars a year. It is also provided that, in case the fund is insufficient to pay all pensions in full, they shall be prorated accordingly. The Annual Report of the School Committee of Providence, for the year 1909–1910, shows that the number of teachers on the pension roll is forty; and that the amount paid out for pensions that year was $7,815.14. The total amount paid out in pensions since the fund was established up to the end of the school year 1910 was $45,001.20; and the balance in the fund was $64,783.51.

South Carolina

There is no state law on the subject. It seems that the city of Charleston has a retirement fund, information concerning which has not been received.

South Dakota

There is no law of the state relating to the subject.

Tennessee

There is no law on the statute books relating to teachers' pensions.

Texas

No law providing for teachers' pension funds has yet been enacted in the state.

Utah

The legislature of the state has authorized the formation of public school teachers' retirement commissions, with the following plan of operation: Management: The commission in each case shall consist of seven members, — the superintendent of schools, clerk of the board of education, two members selected by the board of education and three members selected by the teachers. Funds: Donations, bequests, etc., deductions from teachers' salaries on account of absence and 1 per cent of each teacher's salary. Beneficiaries: Any teacher incapacitated after thirty years of service, five years of which have been in the district covered by the commission; and any teacher who has reached the age of sixty, with thirty years of service, one-third of which has been in the district covered by the commission. Pensions: One-half of the average annual salary for the five years preceding retirement, provided that if retired before thirty years of service his pension shall be such proportion of the full pension as the years of service bear to thirty. It is also provided that any teacher dismissed or withdrawing from the service shall be entitled to a refund of all money paid in, without interest; also, that in case the fund is insufficient at any time to pay all claims in full, they

shall be prorated accordingly. So far as reported, Salt Lake City is the only school district in the state that has established such commission as the law provides for.

Vermont

There is a law in the state whereby a town may vote a pension to a person who has taught thirty years in the state, such pension, however, not to exceed one half of the average salary received by the pensioner during the five years last preceding his retirement. The superintendent of education writes, under date of March 8, 1911, that a teachers' retirement fund association has been organized for the purpose of taking under consideration the establishment of a teachers' pension fund.

Virginia

The legislature passed a law March 9, 1910, which may be summarized as follows: Management: The state board of education. Fund: Five thousand dollars per year from the state treasury, legacies, bequests, etc., and deductions from teachers' salaries, not to exceed 1 per cent per annum. Beneficiaries: Any teacher incapacitated after twenty years' service and any teacher on reaching the age of fifty-eight years, if a man, and fifty years, if a woman, after thirty years' service. Pensions: Quarterly, one-

eighth of average annual salary for last five years' service, no quarterly payment to exceed one hundred dollars; provided that, if the average salary was one thousand dollars or more, the quarterly payment may not exceed one hundred and twenty-five dollars. Provision is also made that if the fund is insufficient to pay all pensions in full, they shall be prorated; also that a teacher retired from the service prior to July 1, 1908, and subsequent to July 1, 1902, shall receive a pension of one-fourth of the average annual salary for the last five years of service. The superintendent of public instruction reports, under date of February 6, 1911, that sixty teachers were placed on the pension list in 1908, one hundred and twenty in 1909, and, since the new law went into effect in 1910, making the term longer and the provisions stricter, ninety names have been added to the list.

Washington

An unsuccessful attempt was made to have a teachers' retirement fund law enacted by the legislature in the early part of 1911.

West Virginia

There is no law in the state relating to the subject except that, in 1907, the legislature, in creating the Parkersburg Independent School District, made a

provision by which teachers who have taught for thirty consecutive years may be placed on the retired substitute teachers' list. As these teachers are rarely ever called upon for service, they are to all intents and purposes pensioners on three-fourths of the salary received in their last year of active service.

Wisconsin

The law of 1909 relating to school teachers' annuity and retirement fund in cities of the first class is applicable only to Milwaukee. Its main provisions are summarized as follows: Management: Board of trustees, composed of the president and four members of the board of school directors and four teachers. Fund: 1 per cent of the school fund, not to exceed the amount of the teachers' contributions during the preceding year; gifts and legacies; interest and other appropriations by the school board, and annually the sum of two dollars from each teacher's salary for twenty-five years, or until the total sum of five hundred dollars is in the fund to the credit of the teacher. Beneficiaries: Any teacher after fifteen years' service who shall become incapacitated, and any teacher who has reached the age of sixty-five and has taught for twenty-five years, fifteen of which shall have been in the city schools. Pension: Four hundred dollars per year; provided that if any teacher

has not paid twenty-five annual contributions to the fund, his pension shall be as many twenty-fifths of the full amount as the years paid bear to twenty-five; or such teacher may make cash payments of ten dollars per month or any multiple thereof until the total to his credit in the fund is five hundred dollars. It is also provided that, in case any teacher withdraws or dies before becoming a pensioner, the amount of his contributions shall be refunded.

At the session of the legislature in 1911, a law was passed applicable to the entire state, establishing the teachers' insurance and retirement fund. Management: A board of trustees consisting of five members, of which the state treasurer and the state superintendent of public instruction are *ex officio* members; and three members, one of whom must be a woman, to be elected by the members of the Teachers' Insurance Retirement Fund at the annual meeting of the Wisconsin State Teachers' Association. Funds: "The state treasurer shall annually set aside from that portion of the school fund known as the 'seven-tenths mill tax,' or from any other general state tax levied for the support of state schools, ten cents for each person of school age in this state"; assessments on salaries of teachers within the state at the time of the passage of the act who, before September 1, 1912, elect to come under its provisions and on the

salaries of all persons who become teachers in the public schools after September 1, 1911; these assessments to be as follows: 1 per cent per annum, or not more than fifteen dollars per year, for each of the first ten years of service; and 2 per cent per annum, or not more than thirty dollars per year, for each successive year of service until the teacher shall have had a total of twenty-five years of teaching service, whereupon the assessment shall cease; also such donations, legacies, or other moneys, together with the interest on all moneys coming into the fund. Beneficiaries: Any teacher who has been in the service for twenty-five years, eighteen of which must have been in the public schools of the state, or any teacher who has, after eighteen years' service in the state, become permanently incapacitated. Pensions: An annual allowance equal to twelve dollars and fifty cents for each year of service as teacher; provided that such annuity shall not exceed four hundred and fifty dollars. However, in case any teacher has not paid into the fund the amount required for twenty-five years, the deficiency shall be deducted from the first annuity or the teacher may make up the deficiency by a cash payment. It is also provided that any teacher ceasing service in the state before becoming entitled to retirement for service or disability may receive a refund of one-half the amount to his credit in the

fund, without interest. Provision is also made for ratably reducing the annuities whenever, in the judgment of the trustees, the condition of the fund shall make such scaling necessary.

Wyoming

There is no teachers' retirement fund law on the statute books.

Porto Rico

There was an interesting system for teachers' pensions in operation on the island at the time of the American occupation, which is described in a letter from the Commissioner of Education, dated San José, March 16, 1911, from which the following quotations are made: "On February 10, 1894, the Spanish Cortes issued a Royal Decree, establishing a fund under the name of 'Derechos Pasivos del Magisterio de Primera Ensenanza de Cuba y Puerto Rico,' which took effect in Porto Rico the first of July, 1894. This fund was made up as follows: From a discount of 3 per cent on the salaries of the teachers who were employed permanently; a discount of 10 per cent on the amount appropriated for school material; 50 per cent on the salaries of the teachers who were employed temporarily, because these, being substitutes, only received half salary, the other half being turned over to the Pension Fund; and,

finally, 100 per cent on the salaries of such teachers whose schools were vacant, that is to say, the whole amount, assigned in the budget for the teacher of a school which was closed, was credited to the fund. With these four discounts, by means of a carefully detailed ordinance, teachers were superannuated after a certain number of years of service, and the wives and children of the teachers who died during service were pensioned. Moreover, the amount of four thousand dollars was appropriated annually in the budgets of Porto Rico as a subsidy fund." This law was abrogated, however, by the American School Law, which took effect July 1, 1899; and in 1905 a board of trustees was created by legislative enactment to take charge of and administer the remaining funds.

The Carnegie Foundation for the Advancement of Teaching

The plans already summarized are such as relate to the establishment and operation of retirement or pension funds for teachers in the public schools of the various states, — elementary, intermediate and high schools. There remains to be considered the establishment of a pension system for the benefit of teachers in the higher institutions of learning, — colleges and universities, — established through the beneficence of Andrew Carnegie.

In the early part of 1905, Mr. Carnegie made the announcement that he intended to set aside ten million dollars in guaranteed, interest-bearing securities, the income of which should be devoted to the establishment of teachers' retirement salaries as a means of advancing the cause of higher education. The rules published by the Foundation, in 1910, contain the following statement: —

The aim of the founder in the creation of this Foundation is clearly expressed in the act of incorporation passed by the Congress of the United States, and approved by the President, March 10, 1906, in the following paragraphs (Section 2 (*a*) and (*b*)): —

Section 2. That the objects for which said corporation is incorporated shall be —

(*a*) To receive and maintain a fund or funds and apply the income thereof as follows: —

To provide retiring pensions, without regard to race, sex, creed, or color, for the teachers of universities, colleges, and technical schools in the United States, the Dominion of Canada, and Newfoundland, who, by reason of old age, disability, or other sufficient reason, shall be deemed entitled to the assistance and aid of this corporation, on such terms and conditions, however, as such corporation may from time to time approve and adopt: *Provided, however*, That the said retiring pensions shall be paid to such teachers only as are or have been connected with institutions not under control of a sect or which do not require their trustees, their officers, faculties, or students (or a majority thereof) to belong to any specified sect, and which do not impose any theological test as a condition of entrance therein or of connection therewith.

(*b*) In general, to do and perform all things necessary to encourage, uphold, and dignify the profession of the teacher and the cause of higher education within the United States, the Dominion of Canada, and Newfoundland aforesaid, and to promote the objects of the Foundation, with full power, however, to the trustees hereinafter appointed and their successors from time to time to modify the conditions and regulations under which the work shall be carried on, so as to secure the application of the funds in the manner best adapted to the conditions of the time: *And provided*, That such corporation may by a vote of two-thirds of the entire number of trustees enlarge or vary the purposes herein set forth, provided that the objects of the corporation shall at all times be among the foregoing and kindred thereto.

The published rules state that, "Institutions of higher learning, including colleges, technical schools, and universities, whose work is clearly of college or university grade, may be admitted to participation in the benefits of the retiring allowance system sustained by the Foundation." A definition of the word "college" is also given as that in force in the State of New York, as follows: "An institution to be ranked as a college must have at least six (6) professors giving their entire time to college and university work, a course of four full years in liberal arts and sciences, and should require for admission not less than the usual four years of academic or high school preparation, or its equivalent, in addition to the preacademic or grammar school studies." In the case of a tax-

supported institution, the application must be accompanied by the approval of the governor and of the legislature of the state or province in which the institution is situated. If, in the opinion of the trustees of the Foundation, the educational efficiency of any such institution is impaired by political control or interference, they may decline its application. Provision is also made that religious denominational schools shall be excluded from participation in the fund, if they apply denominational tests in the choice of trustees, officers, teachers, or the admission of students, or if they inculcate in the students denominational tenets or doctrines.

The rules for the granting of retiring allowances may be summarized as follows: —

Any person sixty-five years of age who has had not less than fifteen years of service as a professor, or not less than twenty-five years of service as instructor or as instructor and professor, and who is at the time a professor or an instructor in an accepted institution, shall be entitled to an annual retiring allowance computed as follows: —

(*a*) For an active pay of twelve hundred dollars or less, an allowance of one thousand dollars, provided no retiring allowance shall exceed 90 per cent of the active pay.

(*b*) For an active pay greater than twelve hundred dollars the retiring allowance shall equal one thousand dollars, increased by fifty dollars for each one hundred dollars of active pay in excess of twelve hundred dollars.

(*c*) No retiring allowance shall exceed four thousand dollars.

Provision is also made for retirement because of incapacity, after twenty-five years of service as professor, or thirty years as professor and instructor, in which case the retirement allowance is computed as follows:—

(*a*) For an active pay of twelve hundred dollars or less, a retiring allowance of eight hundred dollars, provided that no retiring allowance shall exceed 80 per cent of the active pay.

(*b*) For an active pay greater than twelve hundred dollars, the retiring allowance shall equal eight hundred dollars, increased by forty dollars for each one hundred dollars in excess of twelve hundred dollars.

(*c*) For each additional year of service above twenty-five for a professor, or above thirty for an instructor, the retiring allowance shall be increased by 1 per cent of the active pay.

(*d*) No retiring allowance shall exceed four thousand dollars.

Provision is also made whereby a widow of an eligible beneficiary may receive one-half of the retiring allowance to which her husband was entitled.

Under certain conditions, the Foundation will coöperate with institutions on the accepted list in the retirement of teachers who have had twenty-five years' service as professor, or thirty years' service as professor and instructor, but who, not being sixty-five years of age, are not eligible for retirement under the first above-mentioned rule.

In all cases, years of leave of absence are to be counted as years of service; provided the absence does not exceed one year in seven. The benefits of the Foundation are not available to those whose

active service ceased before April 16, 1905, the date of the founder's original letter tendering the establishment of the fund, or to the teacher who continues to give any time to the work of teaching; they may, however, be extended to individual professors in institutions not on the accepted list, within the discretion of the Board of Trustees.

The list of accepted institutions, as published in November, 1910, contains the names of seventy-one colleges and universities in various parts of the United States and Canada.

The financial exhibit of the Foundation, as contained in the Fifth Annual Report for the fiscal year ending September 30, 1910, shows a total income for the year amounting to $543,881.20; and total disbursements amounting to $538,148.07, of which the amounts paid in retiring allowances were $325,199.02 to professors, officers and widows in accepted institutions, and $144,635.28 to like beneficiaries in non-accepted institutions, making a total of $469,834.30 paid in retirement allowances. The expenses for the year were as follows: —

Salaries	$24,406.66
Rent, office and traveling expenses	11,342.49
Publication	8,635.01
Study of professional education	23,929.61
Total	$68,313.77

It may be remarked that the high percentage of administration and other expenses to income (13 per cent for the fiscal year ending September 30, 1910) is justified by the Board of Trustees on the ground that the ultimate purpose of the Foundation is the advancement of "the cause of higher education"; and the expense items of "publication" and "study of professional education" are directly applicable to this purpose.

The following table shows the operation of the fund as to beneficiaries, for the year ending September 30, 1910:[1] —

Grantees	Number of Allowances in Force	Total Grant in Force September 30, 1910
Professors and officers in accepted institutions	197	$345,370
Professors and officers in unaccepted institutions	92	125,870
Widows of professors and officers in accepted institutions	40	36,750
Widows of professors and officers in unaccepted institutions	17	13,080
Totals	346	$521,070

The general average for retirement allowance for the year was $1,628.41.

[1] Fifth Annual Report of the Carnegie Foundation for the Advancement of Teaching, page 10.

CHAPTER VI

MUNICIPAL PROVISIONS

LETTERS of inquiry addressed to the Public Safety Departments, or other authorities exercising public safety functions, in all the large cities in the United States, brought the information that the movement for pensions for worn-out and aged employees in more or less hazardous municipal service is largely recent. While some of the states enacted laws thirty-five or forty years ago, making it possible for cities to provide for worn-out employees by means of pensions; and while a few cities took early advantage of such provisions, our American cities generally have been giving attention to the practical working out of this problem only in very recent years.

The pension laws thus far enacted, however, are available for only two classes of civic employees; namely, Police and Firemen. The limitation has been made thus, largely because of the general acceptance of the fact that policemen and firemen are in more hazardous occupations than other municipal employees. Indeed, the impression seems to be widespread that, as it is incumbent upon the nation to

provide pensions for the soldiers and sailors who hazard their lives in the nation's defense, so is it incumbent upon the cities to make as liberal provision for the citizens who hazard their lives in the protection of the life and property of their fellow-citizens. This movement is now showing considerable rapidity of action; and replies from many cities which have not yet introduced a pension system for policemen and firemen indicate that it is only a question of a short time until every city of any considerable size and importance throughout the land will make provision for its defenders of life and property who have been worn out or disabled in the service.

In order to present a bird's-eye view of what the cities are doing along this line, an analysis of the provisions in some of our leading cities is given in two classes, — *A*. Police Pensions, and *B*. Firemen's Pensions. The claims of other municipal employees to consideration along pension lines will be presented in a separate subchapter, — *C*. Other Municipal Employees.

A. Police Pensions

The sources of revenue for police pensions vary in some degree according to the size and circumstances of the city. In general, however, they may be summarized as follows: First: A certain percentage of the moneys received from licenses for the keeping of

places where spirituous, malt or other intoxicating liquors are sold; for conducting billiard and pool rooms and bowling alleys; for handling second-hand merchandise and junk; for peddling and huckstering through the streets; for the keeping of dogs; for carrying concealed weapons; and for the holding of public entertainments such as plays, exhibitions, dances, etc. Second: The proceeds from the sale of unclaimed, lost or stolen property. Third: Moneys, gratuities, etc., received by policemen in the discharge of their duty, except such as may be exempted by action of the police authorities in special instances; forfeitures and fines imposed upon members of the force for infraction of the rules or for unexcused absences. Fourth: Witness and other fees which the law allows policemen in attendance upon trials. Fifth: The fines and costs imposed by courts in certain specified cases. Sixth: Deductions from policemen's salaries, varying from one-half of 1 per cent to $2\frac{1}{2}$ per cent of monthly income, — usually 1 per cent; with a provision that such deductions shall not exceed a certain specified amount; as, for example, a maximum of fifteen dollars per month, no matter what the salary may be. It should be remarked also that, in a few instances where the association is voluntary, membership or initiation fees, together with stated monthly assessments, are included in the income; and in some cities the

privilege is given by the association rules of levying extra assessments which, however, are usually limited to certain specified amounts, rarely exceeding five dollars.

The provisions for retirement and pensions in the various large cities, so far as reported, are classified as follows: —

Baltimore, Md. — Any member of the department, after sixteen years' service, may be retired on account of disability. Any member may be retired at any time or age on becoming permanently disabled while in the actual discharge of duty. Pensions amount to one-half of the amount of pay received at the time of retirement.

Boston, Mass. — Any member of the police force may be retired at any time, without regard to length of service, on presenting a written certificate of the physician to the board of health showing that the member is permanently incapacitated for service. When so retired, his pension is one-half the amount of salary received by him at the time of his retirement. Any member who has served fifteen consecutive years, and less than twenty, and is certified by the physician to the board of health to be permanently incapacitated, may be retired on a pension in an amount not exceeding one-third of his annual salary. Any member of the force who has served twenty years or longer may be retired at his own request, accom-

panied by a certificate of the physician to the board of health showing that he is totally incapacitated for police service; in such case, his pension shall be one-half of the amount of salary received at the time of retirement. Any member of the force who has reached the age of sixty-five shall be retired on one-half the amount of his annual salary; provided, however, that soldiers and sailors honorably discharged from the War of the Rebellion shall not be compulsorily retired at sixty-five years of age. On the other hand, such soldier or sailor who has reached the age of sixty years, without regard to the length of his service, or who has served twenty years, without regard to his age, shall be retired if he so requests, with a pension equal to one-half the amount of his salary. Any member who has reached the age of sixty years, and served not less than twenty-five, shall be retired at his own request, on an annual pension equal to one-half of his salary at the time of his retirement. There is also in Boston what is known as the Police Charitable Fund, which amounts to over two hundred thousand dollars, and which is carefully invested and the income used for the relief of members of the police force honorably discharged because of sickness, age, or disability, in consequence of which they may be in necessitous circumstances. On September 1, 1909, sixty-five beneficiaries of this

fund were reported, to whom the average monthly payment was $9.67.

Camden, N.J. — On August 31, 1911, the City Council decided to take advantage of the general act of the legislature which permits the establishment of police retirement funds within the state, under which, those in the service for twenty years and who have reached the age of sixty, or in the service twenty-five years, and have reached the age of fifty-five, may be retired on pensions; provided, however, each pensioner shall have contributed to the establishment and maintenance of the fund 1 per cent of his salary for a certain definite period.

Chattanooga, Tenn. — The fund here is maintained for the joint benefit of police and firemen. After twenty years' service in either department, a member may retire on half pay if he so request. After twenty years' service and not voluntarily retired, he is retired on two-third's pay on becoming disabled in the active discharge of duty.

Chicago, Ill. — In 1887 the state of Illinois enacted a police pension fund law for cities, villages and incorporated towns. The fund is under the control of a board of five trustees. Any policeman may retire after twenty years' service on a pension equal to one-half the amount of salary received for one year prior to retirement; provided that the maximum shall not

exceed nine hundred dollars or the minimum be less than six hundred dollars per year. In case of the pensioner's death, his pension shall be continued to his dependent beneficiaries. Any policeman may be retired either voluntarily or by compulsion on becoming physically incapacitated for duty; in which case, the rules governing such pension are the same as for service retirement. The law also provides for the pensioning of police matrons, practically in the same manner and on the same conditions as above summarized for policemen. It is provided, however, that if there are not sufficient moneys in the pension fund of the city to pay all pensions in full, they may be prorated. It is to be regretted that there are no complete statistical records showing the operation of this fund in the city of Chicago.

Cincinnati, Ohio. — The management of the pension fund is under a board of trustees composed of the director of the department of public safety and five members elected by the policemen. The support of the fund by policemen seems to be voluntary; that is to say, each member of the force who expects to become a beneficiary of the fund must contribute one dollar per month to its support. After having served twenty-five consecutive years, and on reaching the age of fifty-five, such member, on being honorably retired by the director of public safety, and on

the approval of the trustees of the police relief fund, shall receive a pension of fifty dollars per month; likewise, any member may be retired at any time on the same pension when permanently disabled. Any member who has served for fifteen consecutive years or more, and is then retired because of incapacity, may receive a pension equal to two dollars per month for each year of consecutive service; provided the pension in such case shall not exceed the sum of forty-five dollars per month.

Cleveland, Ohio. — The management of the pension fund is vested in a board of trustees, consisting of the city officer having charge of the police department and five members elected by the department. Members who are disabled after fifteen years' service and were retired prior to August 1, 1910, receive the following annuities: superintendent of police, $950; inspector of police, $870; captains, secretary of police and police surgeons, each $780; lieutenants and detectives, $720; sergeants, $660; patrolmen, $600. Those who retire after August 1, 1910, with twenty-five years' consecutive service to their credit, receive a monthly pension according to the following schedule: —

Chief	$125.00	Surgeon	100.00
Inspector	118.00	Lieutenant	75.00
Captain	100.00	Sergeant	68.00
Secretary	100.00	Patrolman	63.25

It is also provided that any member incapacitated while in the performance of his duty, or by sickness, after fifteen years of consecutive service, may be retired and pensioned according to the last aforementioned schedule. Any member discharged after twenty years' consecutive service, provided the discharge was not based upon dishonesty or a felony, may be retired upon one-half of the amount specified in the above schedule. It is also provided that pensions may be paid widows and orphans under certain circumstances. The annual report of the trustees of the Police Fund of the City of Cleveland for the year 1910 shows that the balance on hand at the beginning of that year was $40,706.35. The receipts during the year were $70,622.85, making total cash resources of $111,329.20. The pensions paid during the year amounted to $68,487.05. The board also reports a total of $213,534.72 assets, all of which, except $25,534.72 cash, are safely invested.

Columbus, Ohio. — The management and resources of the fund are practically the same as for Cincinnati and Cleveland. The allowances, however, in case of retirement are as follows: For total disability received in the performance of service, or as a consequence of accident or disease, after ten years of service, fifty dollars per month; for a disability disqualifying the member from the performance of police

duty, but not such as to prevent him from entering other gainful employment, thirty dollars per month. Any member disqualified by physical condition, after twenty years' service, shall be retired on a monthly pension of fifty dollars. Any member may retire after twenty-five years' service, whether disabled or not, on a monthly pension of fifty dollars. Provision is also made for pensions to widows and orphans of deceased members.

Toledo, Ohio. — The management and source of the fund are as described for Cincinnati and Cleveland. Any member of the force may retire after twenty-five years' consecutive service, or after fifteen years' consecutive service, if then incapacitated by reason of accident in the actual performance of duty; and receive a pension in monthly instalments aggregating the yearly amounts in the following schedule: —

Chief	$950
Inspector	870
Captains, lieutenants, detectives and secretary	780
Sergeants	720
Patrolmen	660

Des Moines, Iowa. — Any member of the department who becomes permanently disabled while in the discharge of his duties, or who, after twenty-two years' service, the last five of which have been continuous, becomes incapacitated, or who has reached the age of

fifty-five years, may be retired on a monthly pension equal to one-half of the monthly salary drawn by him at the time of his retirement.

Detroit, Mich. — The pension fund was established by act of legislature in 1893, and amended in 1895 and 1901. Retirements are allowed for incapacity after twenty-five years' duty; and monthly payments are as follows: Superintendent, $75; chief of detectives, $70; deputy superintendents, $65; captains, $60; lieutenants, $55; sergeants, $50; and other members receiving upwards of one thousand dollars annually, $50; all other members, $45.

Indianapolis, Ind. — The law under which the pension fund is created and maintained was passed in 1899 and amended in 1903, 1905 and 1907. It is applicable to cities of the first and second classes and also to such other cities as may adopt it by ordinance. The board of trustees is composed of nine members, — the mayor, city treasurer, chief of police, and six members of the police force to be elected by the policemen. Any one retired on account of disability at any age shall receive a pension of not less than ten dollars nor more than fifty dollars per month. Any member who has been on the force for twenty years and less than twenty-five may, on his written application, be retired; and any member in the service for twenty-five years or more shall be so retired on written

application; and members so retired shall receive a pension of fifty dollars a month. Provision is also made for extending the pension provisions to surviving widows and orphans. It is also provided that any member dismissed for any cause other than the commission of a felony, after having been in the service for twenty years or more, shall be entitled to a pension of not less than fifteen nor more than thirty dollars per month. A statement of the condition of the pension fund on January 1, 1911, shows that the total amount of cash and invested assets is $121,927.89. The amount of pensions paid during 1910 was $14,471; and the receipts for that year were $29,999.15.

Kansas City, Mo. — The pension fund in this city is operated as a part of the police relief association, established at the close of 1908. Any member being discharged or resigning from the police force within one year or more after joining the association is entitled to receive the amount of his initiation fee and all dues paid during the first, second and third years. For each year in excess of three years, he shall receive a pension at the rate of eighty dollars per year for such years; provided, however, that in no event shall he receive an aggregate of more than twelve hundred dollars. Provision is also made for the payment of funeral benefits in case of a member's death.

Milwaukee, Wis. — The pension fund was established in pursuance of legislative acts in 1903 and 1907. The management is under the control of a board of trustees, composed of the mayor, treasurer, comptroller, chief of police and three members elected. Any member may be retired on account of disability at any time on a monthly pension equal to one-half of his monthly salary at the time of retirement. After twenty-two years of consecutive service, the member may be likewise retired on a pension of equal amount. Provision is also made for pensions to widows and orphans of deceased members of the force.

New Orleans, La. — The pension fund was established in pursuance of legislative enactment in 1904. Any member permanently disabled while in the actual performance of duty, or after twenty years' service, on reaching the age of sixty years, may voluntarily retire and receive a pension not exceeding one-half the annual salary at the time of retirement. Provision is also made for pensioning widows and orphans of deceased members. It is also provided that, in case the fund is not sufficient at any time to meet accruing obligations, the pensions shall be scaled accordingly.

New York, N.Y. — A member may be retired at any age for disability resulting from the actual performance of duty; and one so retired receives a pen-

sion of not more than one-half nor less than one-third of his salary at the time of retirement. A member superannuated after ten years', or less than twenty-five years', service may be pensioned at the same rate. Any member who has reached the age of fifty-five years, after serving for twenty years, may be retired upon his own request, which must be accompanied by a surgeon's certificate of permanent disability; the pension in such case is not less than one-half of his salary at the time of retirement. Any member who has reached the age of fifty-five, after twenty-five years of service, is retired on half pay, if he requests such retirement, whether disabled or not; provided, however, that any veteran of the Civil War who has reached the age of sixty years may be retired on half pay, without taking into account the length of his service on the force.

Omaha, Neb. — Provision is made under the state law for pensions to members of the department who have reached the age of fifty and served for twenty years; also for those who are incapacitated by accident in the performance of duty. The pension fixed in each case is forty dollars per month.

Philadelphia, Pa. — The City of Philadelphia Police Pension Fund Association was established December 5, 1907. A member who has reached the age of fifty and has been in the service for at least twenty

years may be placed on the pension list and receive $2\frac{1}{2}$ per cent of his average monthly pay at the time of retirement, multiplied by the total number of months he has been in the service; provided that no allowance shall be made for excess of service over twenty years. And provided, further, that, if his average monthly pay was in excess of two hundred and fifty dollars, such excess shall not be taken into account in computing his pension. A member who has become totally disabled by injury received in the discharge of his duty may be pensioned in like manner and for a like amount. Provision is also made for scaling pensions in case the fund is not sufficient to pay them all in full; also for the continuing of pensions under certain circumstances to dependents of deceased members.

Providence, R.I. — Members may be pensioned for permanent disability, the amount of pension not to exceed 50 per cent of the monthly salary paid at the time of retirement. Should the fund not be sufficient to meet all payments in full, the pensions are prorated accordingly.

Richmond, Va. — The pension fund is operated through a police benevolent association. Pensions are granted on account of disability or old age; and the amount is fixed from time to time, as the condition of the pension fund will warrant; but when such

amount is once fixed in the case of any individual retiring member, it is not changed unless a general readjustment is made necessary by the demands on the fund.

Rochester, N.Y. — Members may be retired on a pension of not less than two hundred and fifty dollars nor more than five hundred dollars per year, if permanently disabled after fifteen or less than twenty years of service. Any member may retire voluntarily after twenty or more years of service and receive a pension equal to one-half of his salary at the time of his retirement. Provision is made also for the continuance of pensions under certain circumstances to the widows and orphans of deceased members.

St. Louis, Mo. — The police relief association is conducted in accordance with the law enacted in 1879 and 1881. Any member who has served for twenty years may be retired compulsorily on a pension of one thousand dollars per year. Any member who has served on the force for fifteen years, when so retired, receives five hundred dollars per year; and any member having served for ten years, when so retired, shall receive a pension of two hundred and fifty dollars per year. Likewise, any member permanently incapacitated from injury received in the performance of duty may be retired at any time on one thousand dollars a year pension; provided, in

every case, that any member who was formerly a retired member of the St. Louis Police Relief Association, and thereafter should become a member of this association, shall be entitled to a pension from this association in an amount equal to the difference between the amount received from the relief association and the amount he would have been entitled to had he been originally a member of this association. Provision is also made for certain benefits to beneficiaries of deceased pensioners.

San Francisco, Cal. — The pension fund is provided for in the charter of the city, as ratified by the people, May 26, 1908, and as amended in 1903, 1907 and 1911. The pension fund is under the control of the board of police commissioners. The board may, by unanimous vote, retire any member of the department who has arrived at the age of sixty-five and on physical examination is found to be incapacitated for service. No pension, however, is allowed unless the retired member has been in the active service for twenty years continuously next preceding his retirement. The amount of pension is one-half of the salary drawn by the member at the time of his retirement. Provision is also made for monthly pensions to dependent beneficiaries of deceased members.

Seattle, Wash. — The pension fund operates under a state law applicable to cities of the first class. Its

management is in the hands of a board of trustees, consisting of the mayor, clerk, treasurer, president of city council, together with three members of the police force elected by the policemen. Police are retired at the age of sixty after having served twenty years, or at any time in case of permanent disability resulting from accident, sickness or old age; and the pension allowed in each case is an amount equal to one-half of the salary drawn at the time of retirement.

Springfield, Ill. — A policeman may be retired after twenty years' aggregate service or whenever permanently disabled while in the performance of police duty; and his pension is fixed at an amount not exceeding one-half of the salary drawn at the time of his retirement; but, in no case, to be more than nine hundred dollars or less than six hundred dollars per year.

Springfield, Mass. — On reaching the age of sixty-five, after having been in the service for not less than fifteen years, or if disabled at any age after twenty years of continuous service, a policeman may be retired at his own request or if, in the judgment of the board, he is physically incapacitated for service; and the pension is fixed at an amount equal to one-half of the salary drawn at the time of retirement.

Superior, Wis. — The police pension fund is under the direction of a board of trustees, consisting of the

mayor, treasurer, city comptroller or city clerk, the chief of police and three members of the police department elected by the policemen. A policeman may be retired on a pension equal to one-half of his monthly salary when found to be permanently disabled, or after twenty-two years' service. Provision is also made for pensions to be paid to beneficiaries of deceased members.

It should be remarked that there are some cities, like Dallas, Texas, whose charters contain provisions for the establishment of police pension funds; but which provisions the authorities, for one reason or another, have not yet placed in operation.

B. Firemen's Pensions

Information concerning firemen's pension funds was gathered by the same process as that used in connection with the presentation of the police pension systems; and many of the observations made in connection with the police pension systems are pertinent to the problems connected with the firemen's pension systems.

The revenue for the creation and maintenance of the firemen's pension funds is not altogether uniform in its source; but may be summarized generally as being derived from a certain percentage of the tax income of the city, and from grants, donations and devises

to the fund and from membership fees and dues of firemen, — the membership fee being usually five dollars in case the pension fund is operated through a voluntary association, — and contributions consisting of deductions from salary to the amount usually of 1 per cent per month.

The operation of the pension fund as it affects firemen in various cities may be summarized as follows: —

Baltimore, Md. — Any member of the force may be retired because of permanent disability, after twenty consecutive years' service; and is entitled to a pension of one-half of the salary drawn at the time of retirement.

Boston, Mass. — Retirement is permissible after fifteen years' service or for permanent disability incurred in the line of duty. The fire commissioner reports, under date of September 11, 1911, that there are two hundred and twelve names on the pension roll, with annuities aggregating $105,000.

Chicago, Ill. — The pension system is operated under an act of the legislature, passed in 1877, and amended at various times since. This act is applicable to all cities, villages, or incorporated towns whose population exceeds five thousand. Under it, any member of the force who has been in the service for twenty-two years, or more, may be retired on one-half pay. Provision is also made for the retirement of

permanently disabled members at the same rate of pension, without regard to length of service. The same provisions apply to Springfield, Peoria and other cities in Illinois.

Cincinnati, Ohio. — The pension fund is operated as a voluntary association under the administration of a board of trustees; and provides for retirement at the age of fifty-five and after twenty-five years' service, or for retirement at any time for physical incapacity caused by the service, in either of which cases the pension is fifty dollars per month. Members who become disabled by sickness or other misfortune, not directly connected with the service, may be retired on graded pensions, as follows: ten dollars per month for service of less than five years; twenty dollars per month for service between five and ten years, and thirty dollars per month where the service has been for ten years or more. Provision is also made for pensions in certain cases for beneficiaries of the deceased members of the force. The annual statement of the pension fund for the year 1909 shows total receipts for that year (including $10,392.89 balance from the previous year) amounting to $53,578.03. The amount expended for pensions during the year was $38,092.75.

Cleveland, Ohio. — The annual report of the Firemen's Pension Fund, dated January 1, 1911, shows

seventy-seven retired firemen, fifty-one widows of firemen, and twenty-four orphans, making a total of one hundred and fifty-two pensioners on the roll, with expenditures on their behalf during 1910 amounting to $66,158.53. The report also shows a total amount of $333,000 invested, and $19,358.73, cash, as the assets of the fund. No data, however, concerning the rules and regulations have been received.

Columbus, Ohio. — Pension fund is under the direction of a board of trustees, consisting of five members elected by the active members of the fire department. Any member of the force becoming disabled, while in performance of official duties at any time, and any member becoming disabled by accident or disease, after twelve and one-half years' service, is entitled to retirement on monthly pension, as follows: (1) If such disability be partially permanent, a sum to be determined by the board, not less than one dollar nor more than forty dollars; (2) if such disability be totally permanent, a sum of fifty dollars. A member may be retired after twenty-five years' service, whether disabled or not, on a monthly pension of fifty dollars. Provision is also made for pensions to dependent beneficiaries of deceased members.

Denver, Colo. — The fund provides that a member who has reached the age of fifty, after serving twenty years, may be retired on half pay.

Des Moines, Iowa. — Any member of the department permanently disabled in the performance of duty may be retired on a pension equal to one-half of the amount of his monthly salary at the date of his disability. Any member may be retired after twenty-two years' service, of which the last five shall be continuous, if it is found that he is unable to perform his duties or on reaching the age of fifty-five years; and shall thereafter receive a pension equal to one-half the amount of salary at the date of his retirement. Provision is also made for extending pension allowances to dependents of deceased members.

Grand Rapids, Mich. — Provision is made for the retiring of firemen if they are disabled after twenty-five years' service; and the amount of pension is one-half the salary received at the time of retirement.

Kansas City, Mo. — The pension fund is operated in accordance with the provisions of a law of the state, which became effective March 23, 1903. A member disabled while in the discharge of duty, or at the age of fifty years, after having served twenty-two years, may be retired on a pension of forty-two dollars and fifty cents per month. Provision is also made for pensions to surviving dependents of deceased members.

Milwaukee, Wis. — The pension fund is operated in conformity with the state law passed in 1903 and as amended in 1907. Any member of the department

who is disabled while on duty or shall become disabled by sickness or accident, after ten years' service, or after twenty-two years' service, whether disabled or not, may be retired on a monthly pension equal to one-half the salary drawn at the time of his retirement. It is also provided that, in case the fund at any time shall become depleted so that all pensions cannot be paid in full, they shall be prorated accordingly. Provision is also made for extending pension allowances to dependents of deceased members.

Minneapolis, Minn. — The pension fund is operated by a firemen's relief association in accordance with the provisions of a state law enacted in 1907, and applicable to cities of more than fifty thousand inhabitants. Provision is made for a pension of forty dollars a month, in case of total disablement while in active duty, or after twenty years' service, on reaching the age of fifty years. There are also two grades of partial permanent disability pensions, depending on the degree of disability, with pensions fixed at twenty-five dollars a month and fifteen dollars per month in the two grades, respectively. Dependent relatives are also pensioned for a limited period.

New York, N.Y. — Retirement is provided for with pension allowances fixed as follows: For permanent physical disability caused or induced by the actual performance of duty, after ten years' consecutive serv-

ice, or whether disabled or not, after twenty years' service, with an annual pension equal to one-half of the salary at the time of retirement. If the disability prior to ten years' service was not caused or induced by the discharge of duty, the pension is computed at one-third of the salary at the time of retirement.

Omaha, Neb. — The pension system is operated in pursuance of a law enacted by the state in 1907 and applicable to cities of the first class. It provides that firemen may be retired of their own volition, after twenty-one years' service, and may be retired at any time by reason of permanent disability, occasioned by the discharge of duty; in either case, the pension to be 50 per cent of the amount of salary drawn at the time of retirement, but in no case to be less than fifty dollars per month.

Pittsburgh, Pa. — The system of pensions is operated in pursuance of an ordinance passed by the city council in 1886, and amended from time to time since. Provision is made for retirement after twenty years' service, with a pension computed at one-half of the monthly salary paid at the time of retirement. In case of permanent physical disability resulting from accident while on duty, a member receives fifteen dollars per week for fifty-two weeks and thereafter a sum of one thousand dollars, which is in lieu of all further benefits. It is provided, however, that if

the fireman's disability fund is at any time insufficient to meet all claims upon it, the pension and disability allowances shall be abated accordingly.

Richmond, Va. — There is no pension or retirement system in the fire department, though the firemen's relief association, which is a voluntary body, has been paying one thousand dollars in a lump sum to the beneficiaries of a fireman who is killed by accident while on active duty, and five dollars per week to a fireman who is disabled while on duty. This association was formed in 1896, and contains among its members a large number of citizens who are not at all connected with the fire department. "It does not meet with the approval of our Board of Fire Commissioners; and it is optional with the firemen whether they go into it or not; and none of the younger members of the department are joining it, as there are only about twenty thousand dollars in the treasury and a very large number of old men in the association." The dues are fifty cents per month, and each member is assessed two dollars upon the death of a fireman.

Rochester, N.Y. — The pension system was inaugurated in May, 1908; and provides that any member of the department may be retired for permanent disability after fifteen years' membership; in which case, his pension is fixed by the commission of public safety, but must not be less than two hundred and

fifty dollars, nor more than five hundred dollars per year. If the member has served for twenty years, he may be retired upon his own request; or, if disabled at any time while in the performance of duty, he may be retired; and, in either case, his pension must be not less than one-half of the salary he was drawing at the time of retirement. Provision is also made for pensioning widows and orphans of deceased members. The report of the Fire Pension Fund, dated January 1, 1911, shows that the balance on hand January 1, 1910, was $52,616.71; and the receipts during the year 1910 were $17,642.15; while the pensions paid during that year amounted to $19,363.82. The balance on hand January 1, 1911, was $50,884.54.

St. Louis, Mo. — The ordinance creating the firemen's fund was passed by the municipal assembly July 12, 1893; and provides for retirement at the age of fifty, after twenty-two years' service, the last two years of which shall have been continuous; or at any time for permanent disability occasioned by the service, — in each case, the pension being fixed at thirty dollars per month. Dependent widows and orphans of deceased members of the department are also provided for.

St. Paul, Minn. — The pension system is operated as a part of the St. Paul Fire Department Relief Association, which was incorporated in 1892.

Under this system, any member who has been in active service for twenty years, at least ten of which have been continuous prior to retirement, and who shall have reached the age of fifty years, or who is permanently incapacitated while in the discharge of duty, may be retired on a pension of forty dollars per month. Pensions for partial permanent disability are also provided in two grades of twenty-five dollars and fifteen dollars per month. Provision is made for pensions and other benefits to the widows and orphans of deceased firemen.

San Francisco, Cal. — The firemen's relief fund was provided for in the charter of the city, adopted May 26, 1908; and provides that any member of the department, after twenty-five years' continuous service or on reaching the age of fifty-five, after having been in the service for twenty years continuously, may be retired; or any member who, at any time, becomes permanently disabled as a result of injury received in the performance of duty, may be retired on a pension equal to one-half the salary attached to his rank for three years prior to the date of his retirement.

Springfield, Mass. — The pension fund provides for the retirement of any fireman who is permanently disabled while in the discharge of his duty, or who, after twenty consecutive years, becomes incapacitated, or

who has reached the age of sixty-five years, after a period of not less than twenty consecutive years of service. The pension is fixed at one-half the salary drawn at the time of retirement.

Superior, Wis. — The pension system is operated in accordance with a law passed for cities of the second, third and fourth classes, in 1898, and amended in 1907, under which it is provided that any member disabled while in the performance of duty, and any member discharged or voluntarily retiring after twenty-two years of service, shall receive a pension monthly, in a sum equal to one-half of the monthly salary drawn at the time of his retirement. Provision is also made for widows and orphans of deceased members.

Seattle, Wash. — The firemen's relief and pension fund is operated in conformity with a state law which became effective March 4, 1909, which provides that on becoming physically disabled while in the service, or after twenty years of service, or on reaching the age of fifty-five years, a member may be retired on a monthly pension equal to one-half the amount of salary attached to his rank during the year preceding retirement. There are also provisions for pensioning dependent members of deceased firemen's families.

Tacoma, Wash. — The firemen's relief pension fund was organized in 1902. It was not, however, until the

passage of the pension law in 1909 by the legislature that the pension system became effective. The benefits under this law are the same as those described for Seattle.

Toledo, Ohio. — The firemen's pension fund was established May 17, 1904; and provides for retirement of any member after twenty-five consecutive years' service or on becoming permanently incapacitated. The scale of monthly pensions for retired members is as follows: Chief, $80; first assistant chief, $75; second assistant chief, $70; superintendent and district chiefs, $65; secretary, captains, and engineers, $60; assistant engineers, regular firemen, and operators, $50. Benefits are also provided for dependent members of deceased firemen's families.

Topeka, Kansas. — The firemen's relief association provides a pension for incapacity after twenty years' service, — the amount being equal to one-half of the monthly salary received by the member at the time of his retirement.

This completes the investigation made concerning pensions for municipal employees. How far short American cities are in this matter may be readily seen when comparing the pension systems of European cities. That the comparison may be graphic and apparent, the following table of pension provisions of European cities is presented: —

TABLE VII

MUNICIPAL PENSIONS IN EUROPEAN CITIES

City	Officers and Employees Pensionable	Pensions for Incapacity Regardless of Age	Compulsory Retirement Age	Years of Service Required before Retirement
Antwerp	All	Yes	60	25
Berlin	All	Yes, after 10 years	65	10
Birmingham	All	Yes	65	20
Breslau	All	Yes, after 10 years	65	10
Dresden	All	Yes	No age specified	30
Edinburgh	All	Yes	60 and 65 [1]	10
Frankfort	All	Yes, after 10 years	65	10
Liverpool	All	Yes	60	25
London	All	Yes, after 10 years	60	40
Lyons	All	Yes, after 10 years	60	30
Madrid	All	Yes, after 8 years	60	20
Manchester	Permanent employees	Yes	65	—
Marseilles	Salaried employees	Yes	60	30
Nuremberg	All	Yes	—	Varying with grade
Paris	All	Yes, after 10 years	60	30
Rotterdam	All	Yes	60 and 65 [2]	25 and 20 [3]
Stockholm	All	Yes	60 and 65	30
Vienna	All officials	Yes	—	30 [4] and 35

[1] Age sixty, voluntary. [2] Sixty for women; sixty-five for men.
[3] Twenty-five for men; twenty for women. [4] For firemen.

C. Other Municipal Employees

The cities mentioned in the foregoing table were selected almost at random and may, therefore, be

regarded as typical of all large municipalities on the European Continent and in the British Isles. There is hardly a city in all Europe that does not make provision for pensioning all of its employees after they have served a given number of years and have reached the age of sixty or sixty-five.

It is true that many of these cities have adopted the contributory system; that is to say, employees are compelled to submit to a certain deduction from their salaries to help create the pension fund, which, however, is largely subsidized by the city. There is no special complaint on the part of employees against these deductions; for the reason that the beneficent results are daily apparent among all classes of retired municipal employees. It must be noted, however, that at least one-half of the European cities make no deductions whatever from their employees' wages for the purpose of creating pension funds. In these cities, the employees, on retirement, receive as pensions what are justly regarded by the citizens generally as deferred wage-dividends.

From an economic standpoint, also, this system in operation in European cities is immeasurably superior to the *laissez-faire* system in vogue in American cities. In Paris, for instance, the pension for a municipal employee who has reached sixty years of age, after thirty years of service, is for each year of

service, one-sixtieth of his average pay during the last three years of service. In Nuremberg, a retired employee, after forty years' service, gets 30 per cent of his salary as a pension. In Lyons, the employee who reaches the age of sixty, after thirty years' service, is retired at two-thirds of his average salary during the last three years of service.

Now contrast this condition with that in Boston, for instance,[1] — "The total number of employees over sixty-five years is 491; over seventy years, 168. The number of employees pensionable at the latter age is thus 65 per cent less than that at the former. The amount of compensation paid to employees over sixty-five is $419,888.45; over seventy, $273,000. The number over sixty-five reported as inefficient is 296. The compensation paid to this group is $200,194.35. The percentage of inefficient employees among the employees over sixty-five years is strikingly large in many departments. For example, in the cleaning and watering division of the street department thirty-five are employed, of whom all are reported inefficient; in the cemetery department, sixteen persons over sixty-five years are employed, of whom all are reported as inefficient; in the park department, twenty-seven are employed, of whom

[1] Report of the Commission on Old Age Pensions, Annuities and Insurance, page 270.

twenty-four are inefficient. The period of service is over thirty years in the case of 119 employees over sixty-five, or 25 per cent of the total. Only 5 per cent, or forty-two persons, have been in the employ of the city less than five years."

The report goes on to show that employees over sixty-five years of age in other departments of the city's work are as follows: paving division of street department, 109; water department, 65; sanitary division, street department, 58; sewer division, street department, 47; cleaning and watering division, street department, 35; park division, 27; ferry division, street department, 26; cemetery department, 16.

Now it must be borne in mind that 60 per cent of all municipal employees over sixty-five years of age, in the city of Boston, are reported as inefficient. No individual employer of labor would retain 60 per cent of his employees above the age of sixty-five years, with the full knowledge that they were inefficient. He would act on the well-known principle of economy in filling their places with efficient men. The city would be chargeable with inhumanity if it cut off these old employees from the pay roll without making provision for their necessities. It would also be regarded as bordering on the disgraceful for the city to cart its old employees off to the almshouse or to the poor farm. How much more humane and economic

is the well-established method in European cities, of providing for all such inefficients by systems of old age pensions, is apparent to every student of economics who has given attention to the contrast along this line between American and European cities.

It is conceded that some effort is now being made for municipal pensions, as the following excerpt from the Survey, on Pension Proposal for New York City,[1] shows: —

Following directly on a report on the subject by the Citizens' Union pension committee, of which Arthur Williams was chairman, Assemblyman Cuvillier has introduced a bill in the legislature to amend the New York City charter to provide a retirement fund for city employees.

The bill proposes to establish a board consisting of the mayor, the comptroller, and the city chamberlain, which shall have general jurisdiction over a fund made up of deductions from the salaries of beneficiaries of 1 per cent for five years' service and proportional increase for each five-year period until 6 per cent is reached, when the amount becomes stationary, together with donations, legacies, and other forms of gift. Membership in the fund is voluntary. Application must be made within a year after entering the service, and none is eligible for a pension who has not contributed a sum equal to half the average salary received for the three years prior to retirement.

Fifty years is the minimum age of retirement under ordinary circumstances, and the amount of payment depends on length of service, and one-half the average salary for three previous years after thirty years' service, and a proportional sum after between twenty-one and thirty-nine years. No age

[1] Vol. XXV, pages 974–975.

limit is set for persons mentally or physically incapacitated, or those who lose their office through no fault of their own, who are eligible after ten years' service.

The proposed law is designed to cover all the city departments — of which there are sixteen — except the departments of education, fire, and health, which already have pension systems of their own.

Senator Cuvillier's bill departs from the suggestions of the pension committee in making no provision for sickness or accident, in not providing for return of the contributions of those leaving the service before they are eligible for the pension, in being on a voluntary and not an obligatory basis, and in requiring no contribution from the city.

The report of the committee of the Citizens' Union shows that, in 1910, the four departments now giving pensions paid out about $3,000,000, of which $400,000 came from the city budget, the rest from gifts, from funds paid to or licenses given out by the departments, and, in all cases but the Fire Department, from deductions from salaries.

It is as yet problematical as to what will be the result of this movement; or, even if successful, whether it will be followed in any large degree by other American cities.

CHAPTER VII

Government Pensions

The system of pensions established by the enactment of Congress for the relief of disabled and aged men retired from the army and navy is familiar to all intelligent citizens of the United States, because it is of such long standing and so universal in its operation.

Few people realize the immensity of the sums paid out by the United States government, since its foundation, in pensions to soldiers, sailors and marines, their widows, minor children and dependent relatives. The Annual Report of the Commissioner of Pensions for the fiscal year ended June 30, 1911, contains the aggregates of all such payments by the United States government, as follows:[1] —

War of the Revolution (estimate)	$ 70,000,000.00
War of 1812 (service pension)	45,853,024.19
Indian wars (service pension)	11,192,205.52
War with Mexico (service pension)	45,279,686.83
Civil War	3,985,719,836.93
War with Spain and insurrection in Philippine Islands	34,142,976.37
Regular establishment	21,705,852.33
Unclassified	16,488,147.99
Total disbursements for pensions	$4,230,381,730.16

[1] 1911 Report of Commissioner of Pensions, page 11.

It must be remarked that the acknowledgment of the obligation of the nation to provide for its worn-out, disabled and aged defenders has been increasingly apparent in the past few years. For instance, the amount expended for pensions in 1883 was $60,427,573.81; while in 1910 the amount was $159,974,056.08; that is to say, that, in a period of twenty-seven years, the annual payment of the United States government on account of pensions was more than doubled. This fact is significant if there is borne in mind this thought: that the great majority of all the United States pensioners are above sixty-five years of age. The people of the United States, therefore, in the administration of the national government pension system, are perhaps unconsciously, but none the less truly, recognizing the moral obligations of the state to make provision for the relief of its aged dependent citizens. This is apparent also from a consideration of the contrast of numbers on the pension roll, — 126,722 in 1886 and 921,083 in 1910; that is to say, that forty-four years added to the life of the pensioner at the close of the Civil War have witnessed an addition of 794,361 to the number of pensioners, the majority of whom are on the pension rolls now because of service or old age; nearly all of the maimed and invalided on account of that war having long since passed away. These considerations

are significant of the trend of public thought along the line of governmental provision for old age dependency.

This, however, does not show the magnitude of this movement since, so far as the Civil War is concerned, it takes into account only the soldiers and sailors who wore the blue; and does not take into consideration the provisions that the Confederate States have made for those who wore the gray. That these states have individually borne a heavy burden of which the Northern states have been individually relieved is apparent from the report of the pension departments of many of the Southern States; as, for instance, Florida, — one of the smallest and least populated of them all, — which, for the year 1910, shows about fifty-five hundred pensioners drawing from the state treasury annually $640,000. Contrast this with the condition, for instance, in New Hampshire, whose Secretary of State reports, under date of December 12, 1910: "New Hampshire has neither military pensions nor state relief. Veterans of the Civil War and their families are exempted from the payment of taxes upon a certain amount of property; and the former are exempted from the payment of a poll tax after they have attained the age of seventy years. Veterans of the Civil War and their widows are exempted from the payment of the peddler's license fees." This contrast is an eloquent tribute to the courage and

intelligence with which the states of the South have assumed the burden which is national in the North.

Unfortunately no data are at hand to show the magnitude of the combined state pension systems for the relief of the aged veterans of the Confederate Army. Whatever it may be, the fact is apparent that the sentiment of our people, North and South, is growing rapidly in favor of universal provision for aged dependent citizens.

This is apparent also in provisions that are made in some states for city employees other than in the police and fire departments. For instance, Illinois enacted a law in 1905 which establishes pension funds for employees of waterworks and water departments in cities of the state; whereby any employee of such department who has reached the age of fifty years, with a service record of thirty years, and who has contributed to the fund, may retire on half pay. This law also provides that employees of public libraries who have contributed to the establishment of the pension fund may retire on reaching the age of fifty-five, after ten years' service, and receive a pension which, however, is inconsiderable in that it "shall not be less than six dollars nor more than forty-eight dollars per year."

Massachusetts also, in 1906, made provision by law for retiring certain judges of its courts, after the

age of sixty, and a service of fifteen years, if incapacitated; the pension to be one-half of the salary at the time of retirement. In 1908, Massachusetts also passed a law providing pensions for prison officers who reach the age of sixty-five years, with a service record of twenty years, if then permanently disabled through injury in the service; such officer, after thirty years of service, may retire at sixty-five years: in either case, the pension to be one-half of the compensation received at the time of retirement.

Many of the Northern states have provisions for the pensioning of members of the National Guard whose pensions are usually graded and conditioned as are those for like rank in the United States army.

The State of Illinois has recently taken a new departure in pension legislation, the application of which will be watched with great interest all over the country and throughout the civilized world as well. It is a law granting pensions, ranging from five dollars to ten dollars a month for each child, in families whose support devolves upon the mother. The first checks under this new law were distributed in Chicago, about the middle of November, 1911, to forty mothers, most of them widows, and were for amounts varying from eighteen to one hundred and twenty dollars. Nearly all of the mothers were tearfully grateful, as the pension allows them to keep

their little broods of children together under motherly influence and care. Before this law was enacted, mothers who found it impossible to support their children were compelled to turn them over to the juvenile court, which placed them in other homes; and the county made an allowance each month to the home for the support of each child turned over to it. The new law authorizes the county to leave the children with the mother and pay the allowance to her for each child's support.

Other than as now enumerated, there are no governmental pension systems of any extent in operation in this country. Various pension schemes for civil service employees have been proposed in bills introduced in Congress; but none of them has thus far become a law.

From this summary, it is apparent that the government efforts at relief of aged dependents, other than those who have had military service, are as yet inconsiderable in scope and results.

However, on July 31, 1911, Congressman Victor L. Berger of Wisconsin introduced in the House of Representatives at Washington a bill providing for the pensioning of all citizens of the United States who reach the age of sixty with an income of less than ten dollars per week. As this bill clearly sets forth the principle of Pensions for Service, the text of it is given in full as "Appendix A."

It is to be hoped that the struggle for the solution of the old age dependency problem in the United States along pension lines, if such be the only recourse, will not be as long drawn out as was that in England. Mr. Wilkinson tells us[1] that the first bill for state pensions in England was introduced into Parliament in 1773, and sets forth briefly the efforts made from that time on for more than a century before the principle was finally ingrafted upon the statute book of the nation. However, the problem is too acute and its solution too imperative in this country to permit any long-continued dalliance with it.

[1] "Pensions and Pauperism," page 8 *et seq.*

PART IV

PLANS FOR PREVENTION

PART IV

Plans for Prevention

Whereas, In the most favored countries the margin between work and want is an exceedingly narrow one, besides there can be no apprehension more keen or pitiless than the constant clinging dread, shared equally by all wealth producers, that through misfortune in the form of sickness, the liability to become incapacitated through accident or by time's inevitable advance, accompanied by waning strength, there will be lacking the means necessary for ordinary maintenance. This most melancholy fact, of which all are conscious, poisons the present and fills the future with fears. The so-called civilized industrialism of our day can be subject to no stronger criticism than the charge, fortified by universal experience, that the men and women whose productive energy has contributed so much to our wealth, progress and development, leading simple, inexpensive lives, become in their declining years powerless, principally because they are penniless.

The above extract from the preamble of a joint resolution adopted by the General Assembly of the state of New Jersey, March 23, 1910, is evidence that the problem of old age dependency is likely, in the near future, to receive thorough consideration at the hands of lawmakers in America. That the problem is present; that it is widespread; that it deeply concerns our national happiness and prosperity; that its

demands are insistent and that the attempt at its permanent solution must be nation-, perhaps world-wide, cannot be doubted by an intelligent observer of economic conditions to-day. That there have been sporadic efforts at relief; that there have been "poor-law commissions" and other legislative investigations; that whole volumes have been written on the subject "How to Relieve the Poor"; that now and then some industrial corporation or combination has made an attempt at the solution of the problem, so far as its own employees are concerned; that cities and states have provided pensions for certain classes of their employees; that societies have been organized for the practical operation of relief plans, — all goes to show that a general, all-inclusive solution of this problem is imperative.

The following editorial from the *New York Evening Mail*, September 25, 1911, entitled "A World-Wide Unrest," is based upon a recognition, perhaps unconscious though real, that the great mass of wage-earners throughout the world is groaning together for the ushering in of a new era, — an era in which the toiler may look forward to a quiet, restful old-age evening at the close of a busy working-life day in the happy sunshine: —

> The world seems to be approaching a time of crisis. Trouble looms everywhere — social, economic, political.

In Britain, the labor unions seem to have mastered the art of the universal strike and the nation trembles, awaiting the next upheaval. Spain and Austria have proclaimed martial law as the result of widespread riots — in Vienna riots over the cost of bread, in Spain riots that seem to be the preliminary of a social revolution. France riots against high prices. Norway's army is mutinous. The sword and flame of terrorism are abroad again in Russia. In America business complains that its wheels are stopped by hostile legislation.

What does it all mean? What is going to happen? Are we on the verge of some great step to progress, or are we approaching a time of anarchy and public decadence?

Men will answer the question according to their prepossessions. But some things are certain. The toilers of the world, the wage-workers, are daily drawing nearer to the lever of political power, because they have attained the knowledge which is the source of all power. But it is not they who have wrought the change. The centralization and consolidation of capital invested in the great industries and commerce have centralized labor, instructed it, solidified it, and socialized it. Public schools and libraries have so taught the workers that now it is they who read the books of sociology and economics, rather than their more preoccupied employers.

As they have gained in education, the workers have advanced in refinement, and their needs and aspirations have become imperative. Along with the upward rush of the standard of living there has gone an intense development of class consciousness, and a tremendous growth of ambition. It is capital itself which has brought the workers of the world to the point where they feel themselves ready to burst the bonds that have held them.

The world's "unrest" is the malaise of the snake that has grown until he knows that his old skin must be sloughed off. Within the old integument the creature feels a new and shining

skin waiting for the light. He is conscious of the more splendid investiture that is within his rusty, time-worn exterior. He will have no rest until he has made the change!

Perhaps we may all rejoice in the change when it is completed. But how will its throes affect the world? There is the rub. We do not welcome the transition. Riots, strikes, panics, the griping want of economic reaction, are not pleasant to look forward to. The unrest is not immediately reassuring. It behooves every citizen to be steady. Let us keep our heads cool, our hearts kindly and hopeful, and our hands busy, and strive to save the state and society from the worst disturbances.

There are those whose hearts are large enough and whose brains are calm and steady enough to believe that the solution is possible. Professor J. H. Hollander is reported as saying in an address before the Hebrew Benevolent Society in Baltimore, February 12, 1911, that: "In spite of the limitless bounds of preventive work, he was optimistic enough to believe that in time there would be a mastering of the problem, and, in the end, perhaps its elimination — not in the sense that every one would have a surfeit, but that no one would suffer from lack of the actual necessities of life. In olden days, slavery was thought to be absolutely necessary to the existence of human society; so much so, that Plato, in conceiving his ideal community, made room for slavery. Society was unthinkable without it. It was considered as unavoidable as poverty is regarded now. Yet slavery has gone, and now the wonder is that it should have

ever been thought inevitable. And so with poverty. The time will come, not at once, nor yet in the indefinite future, when the wonder will be that we considered poverty as inseparable from our social and economic life."

Dr. Devine [1] is optimistic enough to share the hope expressed by Professor Hollander, and presents ten essential conditions of an ideal or normal community, — sound heredity; protected childhood; a prolonged working age; freedom from preventable disease and from professional crime; indemnity against the economic losses occasioned by death, accident, illness and compulsory idleness; rational education; charity; normal standards of living, — and a social religion: and maintains that the attainment of such essentials is not fantastic, sentimental or visionary, but that it is altogether practicable.

The efforts at relief recounted in previous chapters are commendable; nay, they are, as society is now organized, indispensable; but they are like the packing of ice around the head of the patient raving with fever, — they may relieve the distress, but do not remove the cause. How to prevent poverty in old age? — aye, that is the question, which he who answers will be a benefactor of the race. The plans proposed thus far for the prevention of want in old

[1] "Misery and Its Causes," pages 241–253.

age are worthy of the most careful consideration in order that in one of them, or perhaps in a combination of all of them, may be found the solution of one of the world's most intricate problems. What, then, are the plans proposed for the prevention of want in old age?

CHAPTER I

Thrift

After the most careful investigation of the old age dependency problem ever undertaken in this country by legislative authority, the Massachusetts Commission on Old Age Pensions presents to the legislature, as its first "constructive recommendation," the following:[1] —

In order to promote independent individual saving and strengthen voluntary thrift agencies, we recommend that "thrift" be included among the subjects of compulsory instruction in the public schools of this Commonwealth. Whatever solution of the problem of old age pensions may ultimately be settled upon, it is certainly most desirable to take every practical measure to encourage habits of saving throughout the population. The teaching of "thrift" in the schools should deal with the individual and social ethics of saving in general, and should also illustrate the principles of insurance and investment in particular. The arithmetic of saving could be taught effectively by using mathematical examples in the school texts, which should bring out clearly the methods of saving and investing money. This recommendation is not a theoretical one, for the subject of "thrift" has been taught effectively in the public schools of European countries, notably in France and Germany.

[1] Report of Commission on Old Age Pensions, Annuities and Insurance, page 324.

This is no new doctrine. Societies for the encouragement of thrift among the poor have been in operation in this country for many years; some of them originated by practical, helpful charity, like the Charity Organization Society in Newport, organized in 1880, and the Bank Provident Fund in New York, in 1888; and some of them mutually coöperative organizations, like the building and loan societies so well known in all our cities.

The institution, however, that is most widely and favorably known, and is almost universally pointed out as the laboring man's best friend, is the savings bank. These institutions are deservedly well patronized by the more prosperous among the working class and tradespeople. Being operated under strict government inspection and supervision, they afford an element of security for savings; and being conducted with business sagacity and prudence, they are a potent encouragement of the habit of saving. The results accomplished by a well-conducted building and loan society or a carefully managed savings bank are regarded oftentimes by working people as well-nigh marvelous. How it is possible for the seventy-five dollars which the workingman invests each year in building and loan stock to grow to a thousand dollars in ten years; or how it comes about that the sum of two dollars which he puts every month into the savings bank

amounts to a thousand dollars in twenty-five years, seems to him a sort of Aladdin-and-his-Lamp witchery.

If anything could encourage "thrift" on the part of the workingman who can lay by any savings at all, it would be the promise of the savings bank that if he will deposit five dollars a week, the bank will pay him, in twenty years, nearly eight thousand dollars, which sum, at the end of that time, would afford him, at 4 per cent, an income of three hundred and twenty dollars a year. The enthusiastic supporter of the savings bank principle, as the means of removing dependency in old age, points to the fact that any young man who, at age twenty, deposits in the bank one hundred dollars and a like sum at the beginning of each year thereafter for forty years, will have to his credit, at the age of sixty, on a 4 per cent compound interest basis, the sum of about ten thousand dollars as a provision for old age, which would afford him an income of nearly seven hundred dollars per year for the balance of his life, as computed by the expectancy tables. As a matter of fact, many of our well-to-do wage-earners are taking advantage of the opportunities offered by these institutions operating on the principle of compounding interest. The success of the postal savings banks, which have been established under the authority of Congress, for attracting savings of exceedingly cautious small investors, is an

indication that there are very many wage-earners who do not need to be taught in school the value of "thrift." Such, however, in comparison with the great body of wage-earners, are inconsiderable in number. However much the average worker may appreciate and desire to practice the habit of thrift, his living conditions are an insuperable obstacle.

One of the members of the Massachusetts Commission before referred to dissents from the "constructive recommendation" of "thrift" in presenting to the Massachusetts legislature a minority report, in which he says,[1] "The thrift habit is hard to build up among the poorer class of people, because they do not earn money enough to make even a beginning." He quotes from the Twenty-Second Annual Report of Statistics of Manufacturers, 1907, page 19, to the effect that the average wage paid 380,573 workmen in 4121 establishments, in thirty-three cities in Massachusetts, was $520.22; and states: "There is no doubt in my mind that an average of ten dollars per week is not a living wage in this state, and there is no opportunity for the average man to provide for old age on a wage as above." He also calls attention to the large increase in the cost of living, evident to every household, with practically no increase in wages.

[1] Report of Commission on Old Age Pensions, Annuities and Insurance, pages 334 *et seq.*

This opinion that "thrift," either compulsory or voluntary, is impossible on the low wages received by the average workman to-day is further substantiated by the investigations made under the auspices of the Russell Sage Foundation, by Professor R. C. Chapin, into the standard of living in New York City, in which the conclusion is expressed that:[1] "While some saving in families with incomes of six hundred and seven hundred dollars takes place, it is relatively infrequent till the eight-hundred-dollar line is reached." Professor Chapin's report shows that an income of between seven hundred and eight hundred dollars will barely support a family of five persons in the city of New York, including no provisions whatever for possible emergencies.

It has already been shown, however, that ten million wage-earners in this country, or 60 per cent of all, receive less than six hundred dollars per year.[2] How is any saving for old age possible on such a low wage? It is reported that one of the speakers in the debate on the Old Age Pension Act in New Zealand gave expression to the following burst of indignation:[3] —

[1] R. C. Chapin, "The Standard of Living in New York City," page 246.

[2] Professor Scott Nearing in his book, "Wages in the United States," published September, 1911, finds as a result of many months' investigation that three-fourths of the men wage-earners in this country receive less than six hundred dollars a year.

[3] H. D. Lloyd, "Newest England," page 343.

"Thrift out of four shillings a day! With perhaps eight or nine mouths to feed, clothes to find, boots for their feet, and books for their school!"

In far too many instances, the results of such thrift as the toiler may exercise are swept away overnight by foolish investment. As a laboring man is quoted as saying not long since: "It is mighty hard to save up a thousand dollars by laying aside a dollar or two a week and then to take it out of the savings bank and lose it to a get-rich-quick swindler, as I have just done." Such a man by heroic economy may be able to save, and the very desire to accumulate against old age often leads him into ventures exploited in advertisements cleverly worded and long on promises, which the careful, experienced business man knows can never be fulfilled. If "thrift" is to be placed in the curriculum of the public schools, then its kindred subject, "finance," should not be omitted.

The treatment which wage-earners receive in countless individual cases at the hands of unscrupulous or heartless overseers or employers adds inhumanity as an insult to the low-wages injury. For example, in one of the largest city department stores, whose ideals are advertised as high in the making of efficiency and comfort among employees, a young woman employed at four dollars per week was fifteen minutes late in returning from her noon lunch, for which a fine of one

dollar was imposed upon her. Her written expostulations, based upon the excuse that she was late because of the necessity of consulting a physician concerning her health, resulted in her discharge on the next regular pay day. Volumes could be written upon this phase of the barbarity with which multitudes of employees are treated.

It must not, however, be concluded that the employer is altogether responsible for the low wages and the system of fines and forfeitures still reducing those wages and making thrift hopeless. The consumer is largely responsible for the exactions placed upon labor. Professor Ryan [1] quotes a pen picture drawn by Mr. W. S. Lilly on the cause of cheapness as follows: —

> One afternoon I chanced to meet in Regent Street three lady friends who had come up to town for shopping, and I remember their surprise and delight at finding in one of the establishments which they visited shirt blouses, of a dainty kind, on sale at half a crown each. They purchased a dozen and evidently regarded this cheapness as simply miraculous. They were so good as to invite me to dine with them that evening at a restaurant of which I will not mention the name, for I have no desire of advertising it. Nor indeed is that necessary. The perfection of its cuisine and the excellence of its wines have deservedly won for it a world-wide reputation. It is as deservedly celebrated for its high charges. I could not help noticing that on the occasion of which I speak my kind

[1] "A Living Wage," pages 264–266.

hostess received very little change from the five-pound note which she tendered in payment for our dinner. The evening was fine: and after taking leave of my friends, I set out to walk to South Kensington. When I reached Hyde Park Corner a carriage dashed rapidly out of the Park, and a young girl, who was walking just in front of me, was almost run over. Apparently she had not noticed it: fortunately I had seized her by the arm and pulled her back in time. She seemed a good deal frightened and inclined to be hysterical. A constable came up, and I looked at him interrogatively, wondering whether she was quite sober. He caught my meaning and after a swift glance at her, said: "No, sir, it's not drink: it's hunger. If she sits down for a bit, she will pull herself together." He helped her to a seat just inside the Park and left her there, after a minute, murmuring something which I did not quite catch about sending some one to her. The girl said to me: "Thank you for saving me; I was nearly killed, I think"; and she shuddered. She was a slight, delicate-looking creature, of plaintively prepossessing appearance, neatly dressed, and quiet in manner. I replied: "Yes, you had a narrow escape; now that you have recovered from your fright, shall I put you into a hansom and send you home?" "Thank you," she answered, "but I mustn't go back yet: I have come out to try to earn a little money; I spent my last shillings in buying those shoes to come out in, and I owe my landlady a fortnight's rent: I haven't been able to get any work lately." I inquired what she worked at. She told me she made ladies' shirt blouses, but could not live on what she earned in that way; she was paid four shillings for making a dozen: it was the usual rate; she worked for Messrs. ——, mentioning the tradesmen whose shop my fair friends had visited that afternoon. It is a dictum of Renan that the miraculous is the unexplained; and this was the explanation of those miracles of cheapness at which my friends had marveled.

Professor Ryan need not have gone to England for so pertinent an illustration of the point he makes. Such cases are myriad in this country. Can thrift be possible when labor is so driven by employer and consumer? It has been said by the observers of economic conditions of two generations that the colored slave in the South, before the War, received from the conscientious master more considerate treatment than is accorded many a poor, driven human "beast of toil" in our large cities to-day. The master on the plantation guarded the health and life of the slave, with a view to conserving the slave's efficiency as a workman. Too often now, however, society, in its collective capacity of employer and consumer, neglects its workers, and this neglect results in an economic waste, which, added to the sorrow, discouragement and hopelessness of the average worker, makes a sum of social condition in which thrift is not only impossible, but almost unthinkable.

The possibility, then, of "thrift" becoming a factor in the solution of our problem is dependent upon a readjustment of the wage-earner in his relation to the body politic. In fact this is the next step in human progress. The emancipation of the serfs through the passing of the feudal system in Europe; the granting of human rights to the common people through the Magna Charta; the abolition of slavery in America

and professedly throughout the world, — these were each a step in the uplift of common humanity; and each brought a new era into the world's history. The next step is the abolition of industrial bondage which will usher into the world an era comparable with which all others are well-nigh insignificant, though necessary, preliminaries, — the universal brotherhood of man.

The signs of the times indicate that this revolution is at hand. Not much longer will the wage-earner — the chief producer of wealth — endure the present conditions. Mr. Spahr [1] states that one-fourth of the people consume two-thirds of the products of industry and that the other three-fourths must content themselves with one-third; in other words, the great majority of the working class in this country consume per capita not more than one-eighth, or one-tenth as much as do one-fourth of the entire population. Deep down in the breast of the wage-earning class this conviction rankles, and produces a sullen mood that prompts individual and sometimes collective expressions of impatience and hostility towards the representative of the more prosperous class, as he rolls through the streets in his automobile, clad in rich garments, on his way from his luxurious home to the club, theater, social function or on his tours of recreation and amusement.

[1] C. B. Spahr, "Distribution of Wealth," pages 128–129.

"If dependence, in cases of industrial misfortunes, were the result of intemperance or improvidence; if it indicated that wages, ample or excessive, had been ruthlessly squandered; if this dependency could be attributed justly to the fault or even the folly of the victim; if society in its industrial adjustments had done its full duty by him, — possibly there might be righteous and wholesome discipline and warning in visiting upon him the contempt and odium which the public dependent is made to feel. But we do not believe this to be the case even in the majority of instances." [1] The truth is that the great majority of workingmen in this country are, as Dr. Devine says, victims of maladjustment. They do not receive a living wage. It would require an actuarial calculation, perhaps, to determine what the living wage should be; but before "thrift" can become to the working class any more than a chimera, that class must receive its share of the production of wealth.

It was this phase of the question that influenced the vote of the postal service employees in Washington, as expressed by the poll conducted by a newspaper of that city, on the bill pending in Congress to establish a Postal Service Retirement Fund. The principal features of the bill were that, after thirty years

[1] Frank W. Lewis, "State Insurance," pages 144–145.

of service, clerks may retire at the age of sixty, with 50 per cent of their average annual pay for the five preceding years; after twenty-five to thirty years of service, retirement at age sixty-two, with 45 per cent of the average pay; after twenty to twenty-five years of service, retirement at age sixty-five, with 40 per cent of annual pay. Provision was also contemplated for disability retirement; after five years at a pension of 30 per cent of the annual pay; after a service of from five to ten years, at 40 per cent of the annual pay, and after from ten to twenty years, at 50 per cent of the annual pay. Messengers distributed the newspaper ballots in the State, War, Navy, and Treasury Departments; and the clerks had ample time to prepare the ballots at their desks. The poll resulted as follows: —

For immediate increase in salaries independent of any retirement or pension legislation	7,459
For immediate provision for retirement on straight pension provided wholly by the department . .	317
For immediate provision for retirement on annuities provided by compulsory savings by employees .	186
For immediate provision for increase in salaries accompanied by retirement on annuities provided by compulsory savings by employees	1,067
For immediate provision for increase in salaries accompanied by straight pensions provided wholly by the government	1,465
Total	10,494

Thus 71 per cent of over 10,000 civil service employees proclaimed that they regarded their present compensation as inadequate to the necessities of life; probably in view of the fact that the cost of living has increased so materially that, with no corresponding increase in their remuneration, they find it difficult to maintain the standard of living to which they have been accustomed. To offer them, in lieu of a living wage, the promise of a retirement on pension or to enforce upon them compulsory thrift, by deductions from present remuneration, which they regard as inadequate, presented a dilemma, either horn of which they refused to accept.

Mr. J. A. Hobson, in an article on "Old Age Pensions," says:[1] —

> To other critics who insist that provision for old age could be made by all, or nearly all of the wage-earners, if they would spend less on drink or on other useless or injurious objects, there are two replies: first, that, if such improvements in expenditure were made, other elements in a progressive standard of comfort have a prior claim which would easily absorb the savings; secondly, that the state in its policy is bound to consider, not some theoretically wise economy of resources, but such economy as is actual or probable.
>
> The economy and moral environment of most of our workers is such as practically to preclude calculations for a comfortable old age or wisely discriminative expenditure in the present.
>
> On all these points the case of women workers is even more

[1] *The Sociological Review*, Vol. I, 1908, page 296.

conclusive than that of men; for the normal wage of women workers, even in tolerably skilled town industrials, is a "sweating" wage, insufficient to maintain them in full efficiency, much less to afford provision for old age. The only considerable class of women workers, outside of Lancashire, who are economically competent to make any such provision, is the better paid grade of domestic service; many of these workers do attempt some saving for this and other purposes, but much of it is sucked up to assist in family emergencies, often going to support the old age of their parents.

The above answer to the proponents of the thrift doctrine in England is equally applicable to the same class in America.

Professor Ryan, in showing that the habit of thrift must be cultivated in self-denial and the cutting out of indulgences that are not absolutely essential to existence, calls attention to the oft-repeated advice from pulpit and platform that labor should boycott the dramshop and saloon and put beer and other liquors on the black list, etc., by showing that the expenditure for intoxicating drink is already lowest amongst the families earning the lowest wage.[1] Families, for instance, whose annual income averages $401.65 report an average expenditure of $8.58 per annum for drink. Those whose average annual income is $550.30 report an average expenditure of $18.09 for liquor. It is only when one gets to the families whose average annual income is $859.64

[1] "A Living Wage," page 290.

that he finds an annual expenditure for drink which is certainly disproportionate, namely $54.84. The average of all families considered is about $16.13 for drink; and the conclusion is inevitable, that "an addition of $16.13 to the annual income of the families of all the underpaid would still leave thousands of them below the level of reasonable living." As drink is about the only "luxury" of the very poor, it is apparent that cultivation of "thrift" by the elimination of this luxury would not go far towards the solution of the problem; especially, since it is asserted on reliable authority that drink is responsible for only about one-seventh of the pauperism of the entire country.

As a matter of fact, the doctrine of "thrift" as a panacea for the ills of poverty and old age pauperism is usually received by the workingman with scant courtesy. He admits its desirability and longs for the opportunity to accept it; but, in his present condition, it is beyond him. To practice it with all of his income now going for very poor shelter for his family, rough clothing and insufficient food, he would be required to take poorer shelter and yet poorer clothing and less nutritious food. He meets the proposition with an argument like this: "I have a right to enough of earth's products to afford me and mine a decent living. If I expend all of my working time and the energies of my mind and body in the

performance of useful tasks, I have fulfilled the condition that is a reasonable prerequisite to my right of a fair share of the world's goods. I am not getting that share now. It is not my fault. With wages only sufficient to keep soul and body together, to practice 'thrift' and 'economy' beyond what is now my habit is an utter impossibility." Out of this ultimatum has grown the unrest which the Bishop of Birmingham, Dr. Gore, in a pastoral letter issued about the time of his transfer to Oxford, is reported as having referred to in the following terms: —

> There has been a profound sense of unrest and dissatisfaction among the workers recently. I cannot but believe that this profound discontent is justified, although some particular exhibitions of it are not. As Christians we are not justified in tolerating the conditions of life and labor under which the vast mass of our population are living.
>
> We have no right to say that these conditions are not remediable and preventable. The lack of equipment for life among the young, and later the insecurity of employment and inadequacy of remuneration and the consequent destitution and semi-destitution among so many people, ought to inspire in all Christians a determination to reform our system.

One of the conclusions which Professor Ryan draws from the researches and arguments he presents on the wage question is[1] —

> That the universal application of the Living Wage principle would cause an immense improvement in our industrial

[1] "A Living Wage," page 328.

and social conditions. It would mean an increase, in various degrees, in the remuneration of more than 60 per cent of the male adults employed in urban occupations. It would go very far toward removing those plague spots of our cities in which thousands upon thousands of human beings are able to obtain only a fraction of the requisites of physical health and comfort, and are foredoomed from infancy to mental and moral degeneracy. Of the millions who are now above these lowest economic depths and yet below the plane of a decent livelihood, thousands would be freed from the necessity of working at an age at which they ought to be in school; thousands who at present can command only the bare necessities of living would realize for the first time the meaning and the blessing of moderate comfort; thousands of men who are able to provide for the present wants of themselves and families, but can lay by nothing for the contingencies of the future, would be lifted out of this depressing condition; and thousands of young men who cannot now contemplate marriage would be able to become heads of families and live as normal human beings. For a large proportion of those who are at present underpaid, a Living Wage would prove a stepping stone to a still higher condition. . . . Finally, the nation's gain in physical, mental, and moral health, and in the increase of contentment and good feeling among its citizens, would insure its continued preëminence among the world's happiest, most vigorous, and most progressive peoples.

As a "constructive recommendation" for the prevention of old age destitution, "thrift" will receive due consideration by working people of the land whenever it becomes possible to earn even a modicum above a living wage.

CHAPTER II

Pensions by Purchase

The principle of pensions by purchase is advocated by various classes of economists; and many excellent arguments are advanced on its behalf, all of which in the final analysis grow out of the fundamental proposition that this is the only method of providing against the helplessness and necessities of old age without violating well-recognized, basic social and economic rules. It is urged that, in this country especially, every man is the "architect of his own fortune"; that the provision against want at any period in life is an individual obligation; that it is an evidence of shiftlessness and carelessness, — a pure lack of thrift if any man or woman comes down to old age unprovided for; that in view of the various opportunities now offered through many channels for securing indemnity against want in old age, there is no excuse for becoming an old age public charge, except in occasional instances of unpreventable misfortune; that any hope of old age relief from want which is not based upon individual thrift, economy

and foresight decreases efficiency, independence and manliness; that it is an imposition on the general body of our industrial, thrifty population and an unnecessary and unwarranted addition to the already heavy burdens of the taxpayers to permit the shiftless, lazy and improvident to expect and rely on protection against want which they themselves have not secured by their own prescience and determination.

It must be granted that these arguments, although largely negative, are weighty; and their proponents in the insurance, industrial and legislative world are numerous, enthusiastic and aggressive.

There are already established certain well-defined and safe avenues of purchasing pensions; and, in view of the importance of the principle which has received a widespread recognition in theory and somewhat extended application in practice, a review of the various schemes proposed under the purchase plan may be of interest.

A. Insurance Companies' Annuities

For many years in this country, life insurance companies have been offering the public life annuities in every conceivable form devised by actuarial science. The directing heads and agency force of such companies steadfastly maintain that there is no other scientific, economic means at hand consistent with

American ideals for protection against want in old age. As the late John F. Dryden expressed it:[1] —

> The American aim and ideal is for the highest possible degree of economic independence; and such independence throughout life, particularly in old age, can only be gained by rational education in family expenditures, savings and insurance and by a decidedly higher degree of industrial efficiency of the workers of the nation. The only permanent solution of the problem of poverty is through the development of the virtues of self-reliance, forethought and thrift; and no social institution affords more substantial aid in this effort than life insurance in any one of its many and varied forms successfully and practically adapted to the needs of the people. Notwithstanding the progress which life insurance has made, there remain vast, unrealized possibilities for effecting through the life insurance principle a permanent and general solution of the problem of dependent old age; and the most important step in this direction is the development of the monthly income policy, to which I wish to draw attention in some detail, to emphasize a most desirable solution of the problem of needless poverty.

Senator Dryden then elaborated his monthly income policy and described its results in the following forceful way:[2] "To the poor, the prosperous and the well-to-do alike, the monthly income policy furnishes an ideal form of family protection or self-support in old age, superior to any other present method of savings investment or insurance."

Not only the Prudential Life Insurance Company,

[1] "Life Insurance and Other Subjects," pages 122, 123.

[2] *Ibid.*, page 124.

whose monthly income policy Senator Dryden described, but also other insurance companies, doing what is known as an industrial insurance business, offer monthly income policies and endowment policies with the endowment payable in instalments, and various other schemes, for the benefit of members of the working classes, covering the joint contingency of death or old age. These policies are usually offered on weekly premium rates and amounts of indemnity payable at death, or at the end of the endowment period, as set forth in the following table: —

TABLE VIII

TWENTY-YEAR ENDOWMENT TABLE

AGE NEXT BIRTHDAY	AMOUNT OF ENDOWMENT INSURANCE FOR WEEKLY PREMIUM OF —									
	Cents									
	5	10	15	20	25	30	35	40	45	50
	$	$	$	$	$	$	$	$	$	$
20	43	86	129	172	215	258	301	344	387	430
25	42	84	126	168	210	252	294	336	378	420
30	41	82	123	164	205	246	287	328	369	410
35	40	80	120	160	200	240	280	320	360	400
40	38	76	114	152	190	228	266	304	342	380
45	36	72	108	144	180	216	252	288	324	360
50	32	64	96	128	160	192	224	256	288	300

The Metropolitan Life Insurance Company offers a combination life insurance for one hundred dollars

and annuity policy available to industrial workers, the rates of which are given at various ages in the following table: —

TABLE IX

COST OF $100 INSURANCE AND ANNUITY

AGE	WEEKLY PREMIUM
20	$0.13
25	.16
30	.21
35	.27
40	.37
45	.53
50	.82

Notwithstanding all the elaborate schemes which the life insurance companies doing an industrial business have offered workmen, in an attempt to forward the solution of the old age dependency problem, the records of such companies show that very few of the working class are taking advantage of these plans. As Mr. Haley Fiske, Vice President of the Metropolitan Life Insurance Company, says in a circular: "Insurance companies in this country have hitherto failed to find any considerable demand on the part of the insuring public for annuities. In our Ordinary Department, we publish annuity tables the same as the other companies do; but our experience, like that

of the other companies, has been that few are called for."

The reason for this evident lack of appreciation on the part of the working classes is not far to seek: The returns are too small and too remote for the amount of self-denial and self-sacrifice required to be especially attractive. Thirteen cents a week to a young man at twenty is, to be sure, a small amount; but, at the other end of the transaction, one hundred dollars in case of death or one hundred dollars a year for life, after age sixty-five, is also too small to make any great appeal to him. One thousand dollars in case of death, or one thousand dollars a year, after age sixty-five, would look far more inviting to him; but to purchase such indemnity one dollar and thirty cents a week, or sixty-seven dollars and sixty cents a year, is a sum the extraction of which from his poor little wages seems appalling.

Senator Dryden spoke enthusiastically of the monthly income policy which he described, when he said:[1] "Attention may be called to the thirty-year endowment rate at age thirty, which, according to the table, is only forty-eight dollars and thirty-one cents, or less than one dollar a week. Even an income of but ten dollars a week, with reasonable economy, ought to permit of a saving of less than one-tenth to

[1] "Life Insurance and Other Subjects," page 127.

provide a definite income to the insured after the age of sixty, when the active working period of life has practically come to an end. By this payment of less than a dollar a week, it lies within the power of practically every American to provide, at least the minimum of subsistence, with certainty for his own future."

It has been shown that, without a radical increase in present remuneration, the Civil Service employees at Washington register a strong protest, — 70 per cent of their number, — against even a non-contributory pension for old age. How then can it be expected that the average wage-earner, who is receiving on the whole less remuneration for his time and strength than the government employee, will voluntarily take out of his meager pay a sum which looks to him comparatively enormous, and place it in the keeping of an insurance company for the purchase of an old age annuity?

It must be borne in mind that the criticisms directed against industrial insurance as operated in this country have been extensive and vituperative. One writer has even gone so far as to characterize such insurance as little better than highway robbery, under the forms of law, and an exploitation of the poorest and neediest, through insurance which costs them two or three times as much on the weekly, as the more prosperous man pays on the annual, premium plan.[1]

[1] I. M. Rubinow in *Journal of Political Economy*, Vol. XII, page 380.

Another has given expression to the same thought in the following language:[1] —

> The revelation of the corruption and recklessness which has attended the management of some of the largest companies is too recent and too well known to require repetition. The story of greed, fraud, and betrayal of trust is appalling. Such evils spread with so deadly and so rapid a contagion, that if the revelation had been long postponed, it may well be surmised that the whole system of life insurance would have been wrecked; at least, the public confidence, which is absolutely essential, already seriously impaired, would have been destroyed.

The revelations above referred to, it must be conceded by all close observers of the conduct of life insurance, have brought about reforms of administration and procedure, both by reason of stringent legislative enactment and powerful public opinion, which have eliminated, to a large extent, the evils complained of. Such reforms, however, have not materially reduced the cost of insurance to the working classes, especially such insurance as the companies offer as indemnity against the miseries of old age. That such indemnity is provided by plans that are safe and permanent; that it is as full and complete as the rates charged for it will permit, — in fact that it is desirable, sane and safe, — no workingman will deny. The only excuse he gives for failing to avail himself of it is that it is beyond his

[1] Frank W. Lewis, "State Insurance," page 126.

financial ability. The companies themselves realize the force of the poor man's excuse. They have accordingly devised a plan whereby, could it be enacted into law, it might be possible to bring the benefits of old age insurance within the reach of the average wage-earner.

This plan is known as the "group insurance plan"; and rests upon this fundamental actuarial proposition: that if policies can be issued to groups of at least one hundred people, the indemnity for the same amount of money can be increased by at least 30 per cent over what is now possible in individual policies. Some attempt, not altogether successful, nor yet offering very great hope of future success, has been made to have the group bill enacted into law in a few states. If the life insurance companies, especially those operating along industrial lines, could devise some means, either through the adoption of the group or other plan, whereby the large expense of weekly agency collection could be greatly reduced, or whereby the policy-holders themselves could look after the local end of the business by coöperative association, thus reducing the cost of local administration to a minimum, there might be some hope that the schemes of purchase pensions which are offered would receive more favor.

B. Deductions from Wages

In another part of this work, under "Efforts at Relief," the various plans for voluntary and compulsory deductions from earnings, for the purpose of establishing the pension right, have been set forth, especially in the description of retirement funds for teachers, policemen and firemen. Very few of the industrial corporations have embodied the contributory principle, whether voluntary or compulsory, in the pension schemes thus far devised. Since, however, Germany enacted a compulsory invalidity and old age insurance law in 1889, on the contributory plan, economists on this side of the Atlantic have given close attention to the working out of the principles underlying the contributory plan; and many arguments are now advanced in its favor, especially with reference to general adoption by industrial corporations and other large employers of wage-earners. These arguments are succinctly stated by Magnus W. Alexander, a member of the Massachusetts Commission on Old Age Pensions, in the following language:[1] —

> In general, it must be admitted that the stress of modern industrial life makes the proper care of aged workers a problem of increasing economic and social importance and neces-

[1] Report of Commission on Old Age Pensions, Annuities and Insurance, pages 206–207.

sity. Unless, therefore, individual employers take the initiative in working out a suitable solution of the problem, the state will be obliged to deal with this matter when, under political pressure of one kind or another, a pension program may be instituted that may prove burdensome alike to the industries and the industrial workers, and demoralizing to the best character development of the people.

On the other hand, it is clear that a frequent changing of the personnel of employees is expensive and ruinous to economical production. To devise proper means of lengthening the period of service of satisfactory employees, by holding out to them a just reward for long-time, meritorious employment, is, therefore, a matter of good business judgment; a provision of this kind, moreover, will attract into the service of an employer well-intentioned workers, who value the prospect of steady employment and the outlook for a more or less independent old age. Finally, the right scheme will stimulate among employees habits of industry and steadiness, and will, therefore, tend to increase the industrial efficiency of employees.

It might be added that, from the standpoint of the whole system of social economy, no employer has a right to engage men in an occupation that exhausts the individual's industrial life in ten, twenty, or forty years; and then leave the remnant floating on society at large as a derelict at sea. From the standpoint of public economy, it is argued that every industry should be compelled to bear its own burden of waste, whether of material, machinery or human life; that it is as equally unjust and improvident for an industry to turn adrift its worn-out and aged employees, to

be taken up and housed at public expense in almshouses, as it is for the employee himself to stop work and become a tramp or vagrant. Those who are insistent upon the system of compulsory provision for old age, through the industry which employs the laborer, advocate the enactment of laws in this country, whereby each industry shall be compelled to take care of its own disabled and worn-out human factors.

The Massachusetts Commission on Old Age Pensions recommended to the legislature the form of a bill, for the organization of voluntary associations among employers and employees and for the creation of retirement funds in individual corporations, to be maintained by deductions from wages of employees, supplemented by employers' contributions, as rewards for long and satisfactory service. Doubtless, in the near future, corporations generally, either voluntarily or through state compulsion, will undertake the establishment of old age retirement systems along these or other lines. There is very grave danger, however, that many of the systems devised will be based on erroneous or insufficient premises.

For years prior to the adoption of the Universal Pension Scheme by the British Parliament, many actuaries in Great Britain gave the whole pension problem serious thought; and especially all plans for retirement pensions in industrial establishments.

Much of this thought was crystallized at the meeting of the Faculty of Actuaries in Scotland, the latter part of 1908.

James J. M'Lauchlan, in his inaugural address as President of the Faculty of Actuaries, in Scotland, presented the advantages of such retirement system; and, at the same time, called attention to some of the dangers in its operation, which are worthy of careful consideration in America. The following quotations from his address will show the trend of his thought:[1]—

I assume that each employee pays 2½ per cent of his salary as a contribution to the Fund, and that the employing company pays another 2½ per cent on his behalf, and that the benefits are as follows: (1) a pension on retirement at any time after reaching age sixty; (2) a pension of a reduced amount corresponding to length of membership, on retirement in impaired health before reaching age sixty, these pensions to be at a uniform rate per cent per annum, on the average salary received during the whole period of membership; (3) a return of the employee's own contributions without interest, on withdrawal from the Fund in consequence of leaving the company's service; (4) a return of his own contributions and the corresponding contributions of the company without interest, in the event of death before becoming entitled to a pension. Retirement is compulsory at age sixty-five, unless special permission is given to continue on the active list, the extended period of service in no case to exceed five years.

The difficulties and dissensions that have occurred at vari-

[1] "The Fundamental Principles of Pension Funds," Transactions of the Faculty of Actuaries, Vol. IV, Part VII, pages 196–197, 224, 225 and 226.

ous times in connection with the management of Pension Funds have led many employers to the conclusion that it is better to establish a Pension *Scheme* than a Pension *Fund*. When an employer establishes a Pension Scheme, he simply intimates that he will pay to his employees pensions according to a certain scale, subject to certain conditions. These pensions, therefore, become part of the consideration for which his employees give their services. In this way he retains absolute control of the whole arrangements. In certain circumstances this is probably the best course.

From the employing company's point of view, the advantages of the Pension *Scheme* are: (1) that the company retains entire control of the arrangements, and none of the difficulties that I have mentioned in the course of this address can arise; (2) that the company does not require to make any contributions whatever in the case of employees who withdraw or die before becoming entitled to pension.

The advantages of the *Fund* are: (1) that the cost of providing the pension of an employee falls upon the period when he is in active service, instead of falling on the period of his superannuation. The payments towards the cost of the pension, being spread over a much longer period, and being made much earlier in point of time, are necessarily much lighter. In the case of the Model Fund, which I have described above, a sum of 3.739 per cent on the salaries paid all along and accumulated at interest, is sufficient to provide for the pensions; but if nothing is put aside until the pensions themselves become payable, the cost will ultimately amount to 14 per cent on the salaries. (2) The payments required for keeping up a Pension Fund are fairly constant from year to year, and the existence of such a Fund equalizes the strain of providing for the superannuation of the employees. This applies not only to the increase in the pension list caused by the increasing age of the employees, but also to the fluctuations caused by occa-

sional retiring allowances of relatively large amount becoming payable. As regards the latter, the Pension Fund acts as a buffer between the funds of the employing company, and the actual payments to the superannuated employee. It must always be remembered, however, that companies having Pension *Schemes* can secure for themselves all these advantages of Pension *Funds*, by setting aside in good time a special fund of suitable amount, to provide pensions for their employees, and making all payments for pensions out of that Fund.

From the employees' point of view, the principal advantage of the Pension *Fund*, as compared with the Pension *Scheme*, is the somewhat better security, which the former sometimes affords, that the pension will be paid. In the case of the Civil Service of the country, and the services of our well-established banks and insurance companies, the pensions promised to the employees are no doubt just as sure to be paid as if they were paid out of a separate Pension Fund; but there are many large and important undertakings where the future of the business is not free from uncertainty, and where it is quite conceivable that the company might have to be wound up, or might become unable to pay the pensions that had been promised to its employees. In such a case as that, the Pension Fund, as a separate institution, would fully protect the interests of all those who had contributed to it. Again, there are certain circumstances in which a Pension *Scheme* is inapplicable. When a number of persons who have no common employer form an association to provide each other with pensions, the only course open to them is to establish a Pension *Fund*.

The facts and considerations which I have put before you to-day seem to me to show clearly that Pension Funds, such as I have described, are based on thoroughly sound principles; and that this is capable of being made clear to men of ordinary business training, who will give the necessary time and attention to the consideration of the subject. At the same time, it

is necessary to point out, that the questions arising in connection with those Funds are highly complicated, and that the amounts of the benefits and the conditions on which they are to be paid, cannot safely be arranged or altered without expert advice. This is the more necessary, as the correctness of the principles upon which the Fund is established and managed will probably not be brought to the test of experience, until after a long period of time.

Mr. M'Lauchlan is not the only actuary whose voice has been heard in warnings against the dangers of corporation pension schemes being established and carried on without competent advice. Mr. George King calls attention to the difficulties in devising such a scheme, in the following language: [1] —

> The real fact is, that the more one studies such a thorny question as this, the more numerous and the greater are the difficulties which become apparent and the more it is seen that, if the working classes for whose benefit Old Age Pensions are advocated are not to be injured rather than assisted, the utmost caution and deliberation must be exercised before any irrevocable step be taken.

The danger to which Mr. M'Lauchlan and Mr. King refer in the above quotations, viz., a pension "scheme," established by a corporation and to be maintained out of the profits, without contributions from employees, is not the only objection that has been raised against this kind of provision against old-

[1] Transactions of the Insurance and Actuarial Society of Glasgow, Fourth Series, No. 12, page 283.

age want among wage-earners. That which the more thoughtful of this class themselves urge against the plan is that it restricts, even to the point of prevention, the mobility of labor. The employer is, of course, to be commended for desiring to retain in his service men of experience and skill, — experience and skill obtained under the employer's tutelage and perhaps even at his expense, — and esteemed as essential to the welfare of the plant. Not infrequently does the employer boldly announce that this is the object aimed at in the establishment of a non-contributory pension system; as, for instance, the general notice sent out to employees by the Chicago, Rock Island and Pacific Railroad Company in the establishment of its pension scheme, December 11, 1909, contains the following statement: "The system adopted calls for no contributions from the employees themselves. The company hopes by thus establishing a system under which an income will be assured to those who, after years of continuous service, are by age or infirmity no longer able to perform their duties and, without which, they might be left entirely without means of support, to build up among them a feeling of permanency in their employment, an enlarged interest in the company's welfare and a desire to remain in and devote their best efforts to the company's service."

The pension system operated by the employer acts

as discouragement against the employee going elsewhere, either for reasons of health of himself or family, or for greater opportunities of advancement or for any other advantage that might appeal to him. His remaining anchored, so to speak, in one place or to one concern may be a decided economic loss to the industrial community. It is said that many a professor in Columbia College, during a long period of years, declined urgent invitations and larger salaries with other colleges or universities, being influenced in his declination by the fact that Columbia had in operation a pension scheme, to which he could look forward as a dependence for his old age; whereas, if he left Columbia, he lost whatever interest his accumulated service gave him in that fund. The establishment of the Carnegie Foundation, however, has now made it possible for a teacher to move from one higher institution of learning to another without jeopardizing his prospect of a pension; and thus newer sections of the country may receive the benefit of the experience and knowledge which a college professor in the older institutions may have acquired.

Therefore, if compulsory provision for old age must be made by deductions from wages, the American system should be made as elastic as is the compulsory government system in Germany, in order that an

employee leaving one corporation for another may take with him his accumulated credits, both in deductions from wages and bonuses for service, and deposit them with his new employer; so that he shall not be deprived of the benefit of the provision accumulated against the necessities of old age.

Another objection that is more frequently urged by the laboring class against this system is that the employee becomes a sort of chattel property of the employer.[1] The employer is free to discharge him, cut down his wages or to shift him from an agreeable to an undesirable line of work. He must submit without resistance. Moreover, if there is a concerted movement among the members of his labor union to improve conditions, right wrongs or secure higher wages, he is bound hand and foot. He must not take part in any such movement that might be construed by his employer as detrimental to the employer's interests. If, after fifteen or twenty years of service, even when the pension is in sight, he should be forced by his union obligations into an apparent hostility to his employer, he is discharged, and forfeits all the

[1] Congressman Berger, in his speech on the Pension Service Bill, August 7, 1911, before the House of Representatives, *Congressional Record*, Vol. 47, No. 110, page 3914, asserts that the present industrial corporation pension schemes in this country transform the free, independent American into a Middle Ages serf, and will result in a modern industrial feudalism more deplorable than that which prevailed in Europe hundreds of years ago.

accumulations he has made voluntarily or compulsorily to the pension fund. It is this consideration largely which has restrained the wage-earners, as a class, in this country from accepting with the enthusiasm that was expected the employment pension scheme. Only recently, when, after a bitter contest between a metropolitan street railway company and its employees, the company announced that employees who were faithful to the company thereafter would be retired on pension after a given number of years' service, without any contributions on their part, the employees regarded the announcement with unconcern which was little short of disdain. That such a spirit prevails may be deplorable, unfortunate and even detrimental to the welfare of the great wage-earning class; but that the spirit does prevail cannot be denied.

Another objection that the wage-earners of this country make to this plan is that the deduction from their remuneration reduces their wages below the living point; and that the tendency has been for the employer to make a still further reduction to reimburse him for the contribution which he makes to the pension fund on their behalf. In discussing the effect of the compulsory system in Germany, Professor Seager says:[1] "There certainly appears to be some

[1] Henry Rogers Seager, "Social Insurance," page 132.

evidence that now that the discussion of the system has largely ceased, wage-earners think of their wages as what is left after employers have made the deductions which the law requires, and look upon those deductions as taxes to which they are subject, without giving much thought to the fact that the proceeds may ultimately be expended for their benefit." These compulsory deductions are denounced by the laboring men as un-American, unnecessary and injurious. The man with the dinner pail makes the assertion that he can do his saving for himself; that all he asks is an equitable share of the products of the industry to which he contributes his time and strength. Pay him what he really earns in a proper distribution of the wealth which the corporation employing him creates, and he does not need the assistance of his employer to provide against the necessities of old age. This assertion may be bold to the point of impudence. It may be inspired by real improvidence and unwarranted conceit; but again, this spirit prevails and must be reckoned with.

For these and many other reasons that need not be recounted at length, the proposed system of preventing old age dependency, by means of pensions purchased by deductions from wages, has not proved popular or attractive to the wage-earner in America.

C. State Annuities

The establishment of state agencies for the granting of annuities has been of very slow growth in this country. In only two states has there been any attempt whatever along this line, with what result will be considered after a brief description of such governmental agencies in other countries.

A postal annuity law was enacted in England in 1864. It was urged by Mr. Gladstone for the purpose of bringing a desirable form of insurance within the reach of the working people, who complained in that country, as they do in this, that they could not pay the high prices charged by the insurance companies for indemnity against old age. The plan was to make certain specified post offices state insurance agencies for the issue of policies and receipt of premiums. The minimum annuity that could be purchased through one of these agencies was £4 ($20) and the maximum £50 ($250) per annum.

In 1882 the House of Commons appointed a committee to investigate the operation of the scheme. The committee reported that wage-earners made little use of it, because the system was hedged about with official formalities, which were irksome; and the workingman would not incur the time or expense to seek out one of the limited post offices that were author-

ized to transact this business. The recommendations made by this investigating committee resulted in the transfer of the government insurance and annuity business to the savings bank post offices, and in fixing the maximum that might be purchased at £100. In 1892 further changes in the plan were made, especially a reduction of the rates.

In 1907 another committee was appointed to make further inquiry relative to the slow growth of the business, which reported as follows: "We are convinced that one of the chief causes of the stagnation of the system is to be found in the want of publicity from which it has suffered. We gather that the very existence of the system is unknown to the great bulk of the wage-earning classes; and those who have heard of it are very imperfectly acquainted with its conveniences and cheapness." It was found by the committee that the average number of new annuity contracts issued per year was about one hundred and fifty. Compared with the like business of commercial insurance companies, with which the scheme was designed to compete in the interest of the working classes, the government annuity business was absolutely insignificant.

Caisse Generale d'Epargne et de Retraite, or Superannuation Fund Bank, has been in operation as a savings institution under state control in Belgium

since 1850. This differs from the English state annuity scheme in this, that the government assists depositors by adding to their deposits according to the following scale: If the depositor was born before January 1, 1850, the government contribution is two francs on each of the first six francs deposited, and sixty centimes (12 cents) on each franc thereafter up to twenty-four francs. The depositor, therefore, can obtain an annuity credit at the bank to the amount of 28.80 francs per year ($5.76). If the depositor was born after January 1, 1860, the government allows him a credit of sixty centimes (12 cents) on each franc up to the first fifteen francs deposited each year, making it possible to obtain a total minimum credit of nine francs a year ($1.80). This is really a scheme for encouraging thrift and has proved very popular among the better paid working people, — that is, those whose earnings permit of even small savings.

France has had a system similar to that in Belgium, since 1850, — *Caisse Nationale des Retraites pour la Viellesse*, or National Bank of Superannuation for Old Age, — a scheme for voluntary annuities with government subsidies.

However, concerning these three national schemes which have been in operation so many years in Europe, Edward Bunnell Phelps, in an article on "The

Drift toward Old Age Pensions," [1] sums up as follows: —

> England's attempt to induce workingmen to purchase deferred annuities through the medium of its post office, though launched more than forty years ago, has met with a similar experience. In its first seventeen years, only 11,646 annuities — both immediate and deferred — were taken out, and for many years the average number of deferred annuities taken has been scarcely one hundred and fifty a year. In other words, for something like half a century, the efficiency of deferred annuities to be purchased voluntarily has been tried out by three European nations and has been found hopelessly wanting as a remedy for the problem in the case of the working classes.

As intimated above, two states in the American Union have adopted the plan of voluntary state annuities, — Massachusetts in 1907, and Wisconsin in 1911.

In Massachusetts the plan is operated through such savings banks as may meet the requirements of the law by the creation of special insurance guarantee funds, etc., and the amount of annuity that may be purchased on any one life through the bank is two hundred dollars per annum. No solicitors, or house-to-house canvassers or collectors, are allowed. The plan was devised, as was that in England, for the purpose of placing annuities and other insurance within the reach of the common people, by eliminating the

[1] *The American Underwriter*, Vol. XXX, No. 5 (January, 1909), page 138.

expense element, which was found for insurance companies doing an industrial business in Massachusetts to be about 40 per cent of the premiums paid on insurance of this kind. The rates were made very attractive, as is apparent in the following table: —

TABLE X

MASSACHUSETTS ANNUITY RATES

AGE	MONTHLY DEPOSITS FOR $100 ANNUITY, BEGINNING AT AGE 60	MONTHLY DEPOSITS FOR $100 ANNUITY, BEGINNING AT AGE 65
20	$0.82	$0.48
25	1.07	.62
30	1.42	.81
35	1.96	1.09
40	2.79	1.51
45	4.28	2.19
50	7.39	3.39

The above rates are for what is known as a Simple Annuity Policy, which guarantees the insured the annuity which he has purchased, when he reaches the age specified in the policy. In the event of his dying before reaching that age, the premiums paid by him are not returned to his family. It may be remarked that the rates for women are somewhat higher than for men.

There is also a return premium annuity policy which provides that, in case of the death of the insured before reaching the pension age, all premiums paid

by him shall be returned to his beneficiary. The rates on this policy are somewhat higher, as will be seen in the following table: —

TABLE XI

MASSACHUSETTS ANNUITY RATES
(Premiums Returnable)

AGE	MONTHLY DEPOSITS FOR $100 ANNUITY, BEGINNING AT AGE 60	MONTHLY DEPOSITS FOR $100 ANNUITY, BEGINNING AT AGE 65
20	$0.99	$0.68
25	1.32	0.82
30	1.76	1.08
35	2.39	1.44
40	3.36	1.98
45	5.02	2.81
50	8.37	4.23

The banks also issue a combination insurance and annuity policy which provides for a definite annuity on reaching the age of sixty-five; and, in case of death, either before or after reaching the pension age, a definite amount of indemnity or funeral benefits to the beneficiary. The rates for such a policy at given illustrative ages are found in the table on the opposite page.

Within sixteen months after this plan was placed in operation, 2575 policies were issued by the People's Bank of Brockton and the Whitman Savings Bank, representing about $1,000,000 in insurance. A very small portion of this, however, was on the annuity

TABLE XII

MASSACHUSETTS COMBINATION POLICY RATES

AGE NEXT BIRTHDAY	$500 INSURANCE TO AGE 65, WITH LIFE ANNUITY AT AGE 65, INSURANCE THEN DIMINISHES BY THE AMOUNT OF ANNUITY RECEIVED	
	$500 Insurance and $100 Annuity	$500 Insurance and $200 Annuity
20	$1.12	$1.47
25	1.33	1.81
30	1.61	2.24
35	1.98	2.85
40	2.51	3.74
45	3.35	5.15
50	4.75	7.60

plan, — only 56 policies, out of 1499 issued by the Whitman Savings Bank, calling for annuities; the largest amount of the business being endowment at sixty-five, or twenty-year endowments, since the banks may issue not only annuity policies, but endowments, ordinary life, limited payment life, term insurance, etc.; in fact, they may do a general insurance business, of which granting annuities is a very small part.

The plan is highly recommended by those who have given it careful consideration, as, for instance, the Wage-earners' Insurance Committee of the Boston Merchants' Association, which, in a report, recounts the well-known financial security of savings banks under strict state supervision, concerning which the committee states, "These safeguards give the policyholder a much

greater measure of moral and financial security than that afforded by any insurance company in existence."

Louis D. Brandeis, Esq., who is really the author of this savings bank insurance scheme in Massachusetts, states, under date of November 18, 1909: "The success of our savings insurance movement has been very great, and comparatively few people realize how great it has been. They are apt to measure the success only by the amount of insurance written. Measured even by that standard, I think the system has done well, because the million-dollar mark was reached in a little over a year after the system was put into operation," etc. Mr. Brandeis further justifies the establishment of the system in the state by pointing out the great advantages that will accrue to the working people in the saving this kind of insurance affords for them, by the elimination of the heavy expense element above referred to; and further, by the establishment of just and equitable treatment which, before the introduction of the savings bank insurance scheme in the state, was not generally accorded the industrial policyholders of the insurance companies.

The system has been in operation in Massachusetts too short a time to permit any prediction of its efficiency as a remedy for the financial ills of the aged poor. The fact, however, that such a small proportion of the patrons of the scheme have as yet availed

themselves of the annuity features of it is an indication that this part at least of the plan is not likely to prove popular.

The legislature of Wisconsin enacted in the early part of 1911 a State Life Fund Law "to provide for the administration by the state of a Life Fund for granting life insurance and paying old age annuities." The law provides that policies of life insurance may be issued to citizens of Wisconsin, between the ages of twenty and fifty years, in amounts of five hundred dollars, or multiples thereof, but not to exceed three thousand dollars to any one person; and annuities to begin at the age of sixty years, or more, in sums of one hundred dollars, or multiples thereof, not exceeding three hundred dollars. The insurance commissioner will have charge of the business; but no agents are to be employed, except state factory inspectors, state banks and county and municipal clerks and treasurers, — a commission of twenty-five cents for each applicant being allowed. Those who have at heart the welfare of the aged poor will await anxiously the results of the annuity part of the scheme.

The Canadian government annuities scheme, put into operation in 1908, is one of the most complete, far-reaching and scientific attempts ever made by any government to solve the old age dependency problem by the purchase of annuities under state supervision.

The act was prepared by the Right Honorable Sir Richard Cartwright; and passed the Senate and House of Commons without a dissenting voice.

It makes it possible to pay premiums at any time at any post office, savings bank or money order office, or directly to the Department at Ottawa. Among the many advantages which the government sets forth in its little pamphlet on "Comfort and Happiness in Old Age," are the following: That the annuity cannot be seized for debt of any kind. It cannot be forfeited. It is inalienable. It may be in any amount one desires, from fifty dollars to six hundred dollars, — whatever he pays for. One may pay in only twenty-five cents a week or as many dollars. He may pay weekly, monthly, quarterly, half-yearly or yearly. If payments are interrupted by sickness, loss of employment or other cause, there is no penalty prescribed, and there can be no lapse. If payments are not continued to the end of the contract, such annuity as will be purchased by the payments actually made will be granted.

Various plans of annuity are offered, — a straight annuity, or a combination annuity and death benefit insurance, or a return premium plan, etc. Employers of labor may contract for annuities for their employees or may assist employees in the purchase of annuities. A society or lodge, fraternal, benevolent, religious, or

other association may contract for annuities for its members.

In fact the scheme is one of the most unique and complete plans of old age pensions yet devised by government or private enterprise. A writer in the *World's Work* magazine describes it thus: "The plan seems simplicity itself. It is the savings bank, the insurance company, and the government bond rolled into one, in a shape adapted to the smallest of depositors." It is worthy of the most careful study by economists and legislators who are inclined to the opinion that the plan of purchasing annuities through the state will aid in the solution of the old age dependency problem.

Experience, however, does not afford much ground of hope that working people will take any general advantage of the opportunities available through various channels for purchasing annuities for old age. This conclusion is forcefully presented by Edward Bunnell Phelps in an article on "The Drift toward Old Age Pensions" [1] from which the following quotation is made: —

> To be sure, endowments and deferred annuities, payable at, say, sixty-five or seventy, might be purchased of the insurance companies — and for many years some of the European gov-

[1] *The American Underwriter*, New York, Vol. XXX, No. 5, page 136, January, 1909.

ernments have offered to sell small annuities with governmental guarantee behind them to all who might wish to buy them; but the average workingman has felt that all his earnings were needed in order to make ends meet in his everyday life, and that higher priced endowments and annuities were hopelessly without the reach of his slender purse. Then again, as Charles Booth so well put the case of deferred annuities in his work on "Old Age Pensions and the Aged Poor," "'I shall never live till then' is a pessimism very natural to the young, especially as it justifies the immediate enjoyment of the money which is demanded for a remote and uncertain contingency." Hence, while the plodding industrial insurance agents might persuade the workingman, or even the day laborer, to purchase for a few cents a week enough life insurance to bury him, and millions of workingmen in both Europe and America have insured in Friendly Societies and fraternal orders for the benefit of their families in case of their own deaths, practically all of them have been without the slightest assured protection against the contingency of non-productive old age.

It was the realization of this sober fact, affecting almost countless millions of men, that set men of humanitarian instincts thinking on this subject. And the more they thought, and interchanged thoughts, and studied the various phases of this complex problem, with its endless sociological, psychological, political, and economic ramifications, the more convinced they became that something must be lacking in a code of civilized society, which apparently left without any tangible resource, other than the poorhouse, the vast majority of humans who had faithfully worked and labored for half a century or more, but at last had reached the non-productive age. Thus was born the theory of old age pensions — either contributory or non-contributory — as the only workable solution of the great problem, in which the masses of all civilized countries were so deeply concerned.

CHAPTER III

Pensions for Service

The aim of every normal man and woman is an old age free from care and want. To that end most of them toil patiently and live closely, seeking to save something against the day when they can earn no more. And yet the same fate awaits the overwhelming mass of them. In the life of the toiler there are weeks, and sometimes months, of enforced idleness, weeks of unavoidable illness, losses from cheating and swindling, and then, as age creeps on, from about his forty-fifth year, a constantly declining capacity to earn, until at fifty-five or sixty he finds himself helpless and destitute. There is hardly a more pitiful tragedy than the lot of the toiler who has struggled all his life to gain a competence and who at sixty years faces the poorhouse. The black slave had no such tragedy as this. It is a tragedy reserved for the free worker in "the freest nation on the globe." [1]

Since this chapter was first written, attention has been called to the above résumé in a speech delivered before the House of Representatives at Washington, which is an indication that it is apparent to all who weigh the facts relating to the condition of the eighteen millions of wage-earners in the United States, that

[1] Congressman Victor L. Berger, *Congressional Record*, Vol. 47, No. 101, page 3913.

one of the greatest economic problems confronting the nation is that of Old Age Dependency.

The proper solution of this problem requires economic skill of the highest grade and legislative courage and ability of the most patriotic kind. With probably three-fourths of all adult males, and nineteen-twentieths of all adult females, in our great industrial army of eighteen millions of human beings, receiving in wages barely enough to provide food, shelter and clothing of the poorest sort; with scarcely one wage-earner in ten able to lay by in savings for the rainy day of invalidity or old age; with the almshouses and benevolent homes crowded with the cast-off, indigent, aged and worn-out members of our industrial mechanism; with communal and private charity already taxed beyond reason for transient relief of the poverty-stricken; with the efforts at relief through industrial corporations and mutual societies making only partial, inadequate and ofttimes unstable provision for a very small proportion of the needy; with the state recognizing the old age demands of only a few of the servants of the body politic; with the multiform and varied opportunities of purchasing indemnity against old age want within the financial reach of a meager paucity of our working population; with the evidences of growing discontent over present conditions, fear and dread of the future and malice against the present

industrial order of things, ominous and convincing, — the problem is weighted with potentialities for weal or woe that make its solution a difficult, dangerous but none the less imperious task.

It is the same problem in the presence of which the statesmanship of Europe has been standing with uncovered, bowed head during the past half century, — that demanded the greatest constructive legislative ability of a Bismarck; the foresight and tact of a Gladstone; the most serious thought and considerate attention of British Parliaments under the leadership of a Morley, a Chamberlain, an Asquith and a Lloyd-George; a problem which has forced itself into government councils and legislative assemblies with demands for immediate solution in Belgium, France, Austria, Denmark, Switzerland and Italy, as well as Germany and Great Britain, in Europe; and has received the most courteous attention and careful treatment in New Zealand and Australia. The attempts at the solution of this problem abroad may be interesting and helpful to those who realize its importance here; therefore, a brief description of the various plans of old-age and invalidity pension laws adopted in foreign countries is presented.

As Germany led in this movement and the law enacted in that country in 1889 has been largely a model and inspiration for other countries, the sum-

mary of the German law, as received through the courtesy of Consul-General Robert P. Skinner of Hamburg, under date of August 28, 1911, is given in full, as follows: —

Old age and invalidity insurance is compulsory in Germany when the annual income of the insured does not exceed $476.

This form of insurance is applicable to all laborers, to employees in commercial establishments, to domestic servants and to other employees of all kinds, including the crews of mercantile ships. The underwriters of this class of insurance are private and state insurance establishments.

Old age and invalidity insurance legislation differs from accident legislation in that the cost thereof is shared between employer and employed. The imperial government, moreover, contributes to each pension the sum of $11.90 from its own funds, and also pays a portion of the premiums while the insured are performing military duties, as well as a share of the cost of administration.

The weekly premiums are uniform for all classes of insured and are fixed as follows, according to the amount of wages received: —

Class	Annual Income	Weekly Contribution
I	Up to 350 mks. ($ 83.30)	Pf. 14 ($0.033)
II	From 350 to 550 mks. ($ 83.30 to $130.90)	Pf. 20 ($0.048)
III	From 550 to 850 mks. ($130.90 to $202.30)	Pf. 24 ($0.057)
IV	From 850 to 1150 mks. ($202.30 to $273.70)	Pf. 30 ($0.071)
V	From 1150 mks. ($273.70)	Pf. 36 ($0.086)

The contributions are paid by post, and special stamps or cards, on sale at all post offices, are provided for such purposes.

Every insured must be in possession of a card, and non-compliance with regulations and forgeries are punishable.

The annuities, provided by the payment of these premiums, are due to all persons who have become permanently invalid and unable to support themselves after more than twenty-six weeks of sickness and who, for this reason, cannot claim indemnification under the provisions of the insurance law against sickness. Annuities for old age are payable to the insured when they reach their seventieth year. The annuities are payable only if not less than one hundred premiums have been contributed, and they are based upon the wage class of the insured and the number of premiums paid.

In addition to the $11.90, paid by the imperial government, the insured receives annually an original donation of from $14.28 to $23.80, according to his wage class, to which is added $0.007, $0.014, $0.019, $0.024 or $0.029, according to the number of weeks during which premiums have been paid. Accordingly the minimum invalid pension, properly speaking (and payable in addition to the above) amounts to from $27.60 to $35.70 annually, according to the wage class, and the maximum pension from $44.03 to $107.10, the latter rates applicable after the insured is over fifty years of age. The old age pension amounts to from $26.18 to $54.74 according to the wage scale.

Pensions are paid monthly by post, in advance. When no pension is granted, one-half of the amount paid in premiums is returned to the insured, provided at least $47.60 have been so paid.

By statute, surplus funds of the insurance establishment can be utilized, with the approval of the *Bundesrat*, in the interest of the insured classes. In such manner, there had been used for public benefit, toward the end of the year 1904, over 36 per cent of the funds of such insurance establishments, amounting to approximately $99,484,000, of which $31,773,000 had been invested in workingmen's dwelling houses.

During the year 1906, the receipts of these insurance establishments amounted to almost Mks. 180,000,000 ($42,840,000) and the following payments were made: —

111,900 invalid pensions	(average Mks. 162.88)	($38.77)
12,600 sickness pensions	(average Mks. 163.29)	($38.86)
10,700 old age pensions	(average Mks. 160.80)	($38.27)

The total amount of pensions paid was about Mks. 94,000,000 ($22,372,000); the sum contributed in addition thereto, by the imperial government, was Mks. 49,000,000 ($11,662,000).

While the German system has been severely criticized on the ground that Bismarck devised it merely as a sop to the Social-Democrats and that it "provides not enough to live on and a little too much to die on," still Germany is entitled to great praise for early leadership among the great nations in attempting the solution of the old age dependency problem.

Denmark enacted a law in 1891 which makes it possible for all citizens, on reaching their sixtieth year of age, to receive from the communal authorities pensions in amounts which are left indeterminate, but which shall be sufficient, in addition to whatever income the pensioner may have, to provide him the necessities of life, without seeking poor relief. Those who took advantage of the law almost immediately numbered 43,826 (January 1, 1893); and their number had increased to 66,878 by January 1, 1905, while the amount of relief granted under the law increased from Kr. 2,557,961 ($654,582) in 1892, to

Kr. 7,193,494 ($1,840,916) January 1, 1905. The average pension paid under this law in the year 1905–1906 was about forty-one dollars per year, and the pensioners equaled about one-eighth of the total wage-earning population.

In 1900, Belgium enacted a law known as "La Loi sur les Pensions de Vieillesse," which has two objects in view, namely: (1) to encourage the working classes to save and to assist them by state contributions, by constituting a fund which will secure to them at the age of sixty-five an annuity not exceeding three hundred and sixty francs per person; (2) to grant working men and women, or former working men and women, special grants of sixty-five francs per annum when they are in want, — these grants being on the non-contributory plan. In 1907 the number of pensioners was about 210,000; and the state was disbursing among them an annual sum of about 15,000,000 francs ($3,000,000). The growth of this government scheme in Belgium is well illustrated from the reports, showing that in 1900 there were 18,567 deposits and the amount of deposits that year was 916,211.04 francs; and in 1906 the number of deposits was 2,224,727, while the amount of deposits was 13,706,-894.47 francs.

While the various nations of Europe were thus wrestling with the problem, the British colonies were giv-

ing the matter most earnest attention, with the result that New Zealand enacted an old age pension law in 1898, which provides for a pension to each person who has resided in the colony for twenty-five years and has reached the age of sixty-five, except Chinese or other Asiatics, citizens who have not been naturalized longer than one year, aliens, and certain government employees who are provided for by "Civil List Act of 1863." The pension provided was £18 per annum, or 6*s*. 11*d*. per week, which was, however, increased in 1905 to £26 per annum, or 10*s*. a week; provided that the applicant for pension has lived a sober and reputable life during the five years preceding his application, and that his income shall not exceed £50 per annum, nor must the value of his accumulated property exceed £260. Severe penalties are imposed upon those who deprive themselves of property or income to qualify as pensioners. The reports go to show that in 1906 thirty-four per cent of all those eligible in the colony by age and residence were receiving pensions.[1]

New South Wales followed the lead of New Zealand

[1] The New Zealand Official Year Book for 1910 (page 742) reports the total number of pensioners for the fiscal year ending March 31, as 15,320 and the total amount paid to them for the year as £362,496 ($1,812,480). The total amount paid pensioners under the operation of this law from March 31, 1899, to March 31, 1910, is £2,767,011 ($13,835,055).

by establishing a government pension system in 1901, which provides the same amount of pension, viz., £26 to those whose income is less than £52 per annum; which, however, differs somewhat from the New Zealand system, in that the pension of £26 a year is diminished by £1 for every £1 of income above £26, and by £1 for every £15 of property which the pensioner possesses. It also differs in the age limit, in that any person over sixty years of age, incapacitated by sickness or injury, may receive a pension if otherwise qualified. All citizens of the colony who reach the age of sixty-five years, and whose income and property do not exceed the stipulated amount, are entitled to old age pensions.

Victoria followed speedily, with a law which is a modification of the pension system in her sister colonies. The applicant for pension must show that for six months immediately preceding his application his income did not exceed eight shillings a week and that he made reasonable efforts to provide for himself; nor can he receive a pension after having reached the age of sixty-five if he appears to be physically capable of earning his own living. These restrictions in Victoria seem to have operated to reduce the number of pensioners and likewise the disbursements on account of pensions. The Victoria Year Book for 1905 [1] shows

[1] Page 270.

that the estimated number of persons in the colony, sixty-five years old and upwards, was 68,760, of whom 11,055 were receiving pensions, amounting to £197,000. The number of pensioners, therefore, was 16 per cent of the total eligibles; whereas in New South Wales the number of pensioners for the same year was 38 per cent of the eligibles.

This example set the motherland by some of her colonies seems to have been followed in England after a century or more of agitation, during which period very many schemes were proposed by parliamentary committees and publicists. The following description of the British scheme, as it was finally enacted into law in 1908, is given by Mr. Dawson and Dr. Frankel in "Workingmen's Insurance in Europe":[1]—

> The scheme is non-contributory. It provides that all over seventy years of age, who have been British subjects for at least twenty years, have not received poor relief, and have done what they could to support their families, are entitled to pensions. Persons who have been in prison during the preceding ten years are not eligible; nor are those whose annual incomes exceed £31 10*s*. ($153.41). Should any person deprive himself of income or property in order to qualify, the income or property so disposed of shall be taken as still his own. Fraud of any kind is punishable with severe penalties, and few loopholes are left.
>
> Pensions are paid out of funds raised by general taxation, no contributions on the part of workingmen being required.

[1] Pages 314–315.

Sums received vary with the income of the pensioner, the aggregate of his income and his pension not to exceed 13 shillings ($3.12) a week. The following table illustrates amounts allowed under the various conditions: —

With Annual Income	Weekly Pension (Shillings)
Not exceeding £21	5
From £21 to £23 12*s.* 6*d.*	4
From £23 12*s.* 6*d.* to £26 5*s.*	3
From £26 5*s.* to £28 17*s.* 6*d.*	2
From £28 17*s.* 6*d.* to £31 10*s.*	1
Exceeding £31 10*s.*	No pension allowed

The method of administration is of interest. The central authority is the local government board, all pension officers being appointed by the treasury. A local pension committee, however, is appointed by the council of the district or county for every borough and urban district. Claims are adjudicated by the local pension committee and appointed pension officers; but there is a right of appeal to the central authority. Pensions are paid weekly in advance and are inalienable and non-assignable, exempt from being taken in bankruptcy or under execution. It was estimated that 572,000 persons would be in receipt of state pensions in the financial year 1908–1909, and that the cost for the year would be £7,500,000 ($36,525,000).

This British law was hardly afforded time for a practical working before the agitation arose over the general compulsory insurance scheme proposed by Lloyd-George, which has occupied the attention of Parliament and the nation generally almost to the

exclusion of other legislative matters during the year 1911. In his speech introducing this bill in the House of Commons, May 4, 1911, Mr. Lloyd-George gave utterance to the following sentiment: "Here we are in the year of the crowning of the King. We have got men from all parts of this great Empire coming, not merely to celebrate the present splendor of the Empire, but also to take counsel together as to the best means of promoting its future welfare. I think that now would be a very opportune moment for us in the home land to carry through a measure that will relieve untold misery in myriads of homes, — misery that is undeserved; that will help to prevent a good deal of wretchedness and which will arm the nation to fight until it conquers the 'pestilence that walketh in darkness and the destruction that wasteth at noonday.'"

Among the European nations, France is the latest to adopt a compulsory insurance system for all working people, with a liberal subvention by the state. The law was passed April 5, 1910, and became effective July 1, 1911, and is obligatory upon all people of both sexes who receive wages less than 3000 francs ($600) per year, employed in any branch of industry, commerce, liberal professions, agriculture, servants for wages, etc.; except that persons in the civil or military service, miners, seamen, etc., who are already provided for by prior laws, are not obliged to

come under the new law. There is also provision that persons receiving over 3000 francs, but not exceeding 5000, as an annual income, may voluntarily come under the provisions of the law by complying with certain strict conditions. Provision is also made for citizens above the age of forty-five years at the time the law takes effect, but who are not able to comply with the requirements of the law, with reference to terms of service and amounts of contribution to the pension fund. The law provides that any person who has contributed to the fund for thirty years, and has reached the age of sixty-five, shall receive a pension, and that the portion of the pension fund, created by the contributions of the individual, may be drawn upon by him after he has reached the age of fifty-five, if he is then in necessitous circumstances, and has made contributions for fifteen years. In case, however, his portion of the pension fund is thus liquidated, the subvention of the state is reduced proportionately. The minimum total contributions provided are based upon total wages earned, according to the following scale: —

Employees	Total Wage	Total Contributions	Employers' Contributions	State Annual Contribution at Age 65
Men	9 fr.	3 c.	3 c.	60 fr.
Women	6 fr.	2 c.	2 c.	60 fr.
Minors under 18 .	4 fr. 50 c.	1 c. 5 m.	1 c. 5 m.	60 fr.

Employees may contribute a larger sum than designated in the above scale, in order to provide by their own foresight a larger annuity on reaching the pension or settlement period; in such case, however, the contributions of the employer are not necessarily increased, and, in no event, will the state make a larger subvention than indicated in the above schedule. It is also provided that, if contributions have been made for less than thirty years, the state grant will be reduced by one franc fifty centimes for each year less than thirty. There are liberal provisions in the law whereby the equities of individuals may be preserved; as, for instance, a workingman may be for a part of the thirty years or more an employer himself, and a part of the time an employee. The regulations are so broad that all questions will be adjudicated by proper tribunals, which the law duly establishes. At sixty-five, on the lowest scale of contributions, a pensioner may receive, unless withdrawals have been made beforehand: male, 414 francs ($82.80); and female, 270 francs ($54) per annum. This includes the state contribution. It must be remembered, however, as above stated, that working people are not limited to the minimum contributions required under the law, and, therefore, may make their pensions whatever amount their own thrift and foresight may have made possible.

It has been estimated that the total amount required

for the meeting of the obligations of the state under this law during the first year of its operation will be something like $36,000,000; but that after the gratuities made by the government for people in the transitory period, that is, who because of age cannot contribute for thirty years, are no longer necessary, the normal expenditures of the state, in the operation of the law, will not exceed $25,000,000 per annum. According to the French census reports, the total number of working people who are compulsorily brought under this law is about twelve millions; while six millions more may voluntarily take advantage of it. Thus the benefits of the law are available to eighteen millions of the people of France, — twelve millions whose incomes are less than six hundred dollars per year, and six millions whose incomes are between six hundred dollars and one thousand dollars per year.

From the above analysis of the old age pension laws established in other countries, there may be drawn suggestions and plans that will be of material aid to the economist and legislator in the solution of the problem in this country. The schemes now established abroad comprise practically all those yet devised for the prevention of old age dependency among working people: pensions purchased by voluntary contributions; pensions purchased by voluntary

contributions with state subvention; pensions purchased by compulsory contributions of employees and employers, with state subvention; and pensions granted by the state to the old and needy, without any contributions on their behalf whatsoever. Each of these schemes has its advocates, who are cleverly aggressive and enthusiastic, according to bent or bias. It is not necessary to recount the arguments put forth on behalf of these various schemes. Those for each could hardly be summed up in volumes.

"Which scheme shall America choose?" is the question which at the outset even labor itself found difficult to answer. At the convention of the American Federation of Labor in Denver, 1908, the following resolution was adopted: "We would, therefore, recommend that the Executive Council be authorized to secure the assistance of such competent legal advice as will enable them to prepare the draft of a bill providing for old age pensions, and that such bill be introduced either in the legislatures of the states or in Congress,—their action in this being governed by their decision as to whether this legislation is to be most readily secured and applied through the individual action of the several states, or by federal legislation, or by both."

At the convention of the same organization at Toronto, Canada, in 1909, in accordance with the Denver

resolution, the executive committee recommended the approval of the bill drawn by Congressman W. B. Wilson for the establishment of a national pension system through the organization of the Old Age Home Guard of the United States Army. As the convention approved this bill and thus pledged to it the support of the great body of organized labor in America, the text of the bill is given in full as Appendix B.

The principle underlying this bill is *service*, — merely service, — which Professor Henderson recognizes in this language:[1] "The nation and the states have already declared it to be our duty to shelter the aged and wounded soldier; why should the victims of the 'army of labor' be neglected? They, also, have served their country in occupations even more dangerous and destructive than war and quite as useful."

Actuaries tell us that out of one thousand men living at the age of twenty, five hundred will still be living at the age of sixty-five. Economists and statisticians tell us that of the five hundred living at the age of sixty-five, two hundred will be in want and that eight-ninths of all the pauperism in the country is among people who have passed the age of sixty-five. Shall we continue to turn such over to the alms-

[1] C. R. Henderson, "Industrial Insurance in the United States," page 308.

houses? Or leave them to the vicissitudes of public or private charity?

Fortunately or unfortunately, according to the standpoint of religion and economics from which one views the matter, we Americans have not that conception of the family, as the unit of society, and that reverence for old age, which is ingrafted upon the heart of the Oriental in all his religious and economic training. In China and Japan it is rare to find an individual in want above sixty years of age, who has not some relative, no matter how remote, whose ethics and religion command him to make a place in his home for the indigent one, and provide for him as if he were a member of his own immediate family. Almshouses, private indoor or outdoor relief, for the old, are hardly known in those Oriental lands, where high ethical regard for the aged is instilled into the individual common mind from infancy. Unfortunately, however, in this country, no such esteem for the aged one prevails, except among his near relatives and expecially in agricultural communities. In our manufacturing centers especially, the helpless, destitute grandfather or grandmother is regarded as a distinct burden to the household, the carrying of which oftentimes forces children out of school and into the streets, factories, or shops, in order to provide for the added increment to the household expenses which the taking on of an

aged relative, no matter how near he may be to the immediate family, entails.

Our hearts assent to the old man's plea that a part of the wealth of the world which his life and toil have helped to create is his by right and should not be denied or withheld from him. This sentiment is stated in "Workingmen's Insurance in Europe," [1] in the following forceful language: "Provision for old age . . . is based upon services rendered in the past and upon contributions of the most varied character to all forms of social and community prosperity. In other words, a benefit of this character which, under the voluntary insurance system at least can only be supplied by means of the accumulations of funds through long periods, should not be subject to defeat by any contingency whatever, except criminal conduct or pauperization, but should be secured by the mere fact of survival. The idea is that the pension is a deferred and contingent additional compensation for past services, like the service pensions granted by employers."

The preamble to the New Zealand Pension Act of 1898 states this principle thus: [2] "It is equitable that deserving persons who, during the prime of life, have helped to bear the public burdens of the colony by the payment of taxes and to open up its resources by

[1] Page 302. [2] W. Sutherland, "Old Age Pensions," page 99.

their labor and skill, should receive from the colony a pension in their old age." The law of Victoria asserts the principle in even stronger language: "It is the duty of the state to make provision for its helpless and aged poor."

The opposition to any such universal scheme is diverse, according to the interest and standpoint of the opponent; not a little of it coming from the exponents of commercial life insurance companies, who look with disapproval upon any plan that may affect directly or indirectly their companies' exchequer, whose arguments may be summed up in the old Ephesian phrase, "Sirs, ye know that by this craft we have our wealth." Others object on the ground that such a system is contrary to our economic and social establishment; as, for instance, the Massachusetts Old Age Pension Commission,[1] — "A non-contributory pension system is simply a counsel of despair. If such a scheme be defensible or excusable in this country, then the whole economic and social system is a failure. The adoption of such a policy would be a confession of its breakdown." To this utterance, Professor Seager makes this reply:[2] "One can only regret that the members of this Commission did not visit progressive and prosperous New Zealand and

[1] Report of Commission on Old Age Pensions, Annuities and Insurance, page 310.

[2] "Social Insurance," page 144.

Australia before they committed themselves to such extreme views. Such opinions in those countries, whose 'economic and social system' is fundamentally like our own, would excite only amused surprise."

Others maintain that it would be unjust and inequitable to tax the well-to-do and thrifty portion of the community for the benefit and support of the slothful and improvident. To this the reply is ready and unanswerable: The present system of poor relief, public and private, is maintained by taxes, both voluntary and obligatory, upon the well-to-do and thrifty portion of the population; and, further, that the well-to-do and thrifty taxpayer at thirty may be a so-called improvident dependent at sixty-five or seventy. Moreover, as Mr. Lloyd-George so forcefully said in urging his old-age pension bill before the House of Commons: "As long as you have taxes upon commodities which are consumed practically by every family in the country, there is no such thing as a non-contributory scheme. If you tax tea and coffee and partly sugar, beer, and tobacco, you hit everybody one way or another. Indeed, when a scheme is financed from public funds, it is just as much a contributory scheme as one financed directly from means of contributions arranged on the German or any other basis."

That the establishment of such a scheme would

have a direful effect on thrift and the present American spirit of independence, is an objection of little moment, in view of the well-observed and oft-experienced effect of a certain definite provision for the future, supplanting anxiety, suspense and dread with contentment, vigor and hope. This principle is well illustrated in the results of the bonus system on a certain large railroad in America, concerning which Mr. Harrington Emerson, in a lecture at Harvard University, November 16, 1910, gives the following testimony: "Through the application of the various principles, including increased interest of the men, average efficiency at the largest shop was brought up from 60 per cent to 100 per cent; and the plan has been found so satisfactory, that it has been extended from its small beginnings, until now in the fiscal year 1909–1910 about $1,250,000 a year was paid in bonus and its administration to the employees." Again, he says, "It changes the men from half-hearted, listless, idle, indifferent workmen to striving, alert, active, intelligent, honest, self-respecting workers, who take an intense interest in the work at hand and are willing to do whatsoever their hands find to do with all their might."

Many a man loses heart and goes through the years of his life from fifty onward with drooping head and faltering step, because there is only helpless want as

the goal of old age; whereas the prospect of a pension coming to him in his old age, as a deferred dividend, which society as now organized, industrial, social and political, owes him, would put spirit and vigor into his life and increase his efficiency manyfold.

In one of our large cities, a poor German leatherworker in a tannery hit upon a method of treating leather, so as to produce a finish not then known in the leather world. His employer saw at once the commercial advantage that such process, if patented, would afford him. He secured the patent, promising the laborer handsome dividends for the exclusive use of it. "The street" says that the laborer was euchred out of his portion. However that may be, the employer grew rich and great and strong, and died, after a life of social and political prominence, a millionaire. The laborer still toils at the last in a little cellar shoe shop. Does the world of industry, society, politics and economics owe this poor old man nothing in his dependent dotage? Is it just that he should continue to bend over old shoes, until health and strength utterly fail, and then that he should be hauled away to the poorhouse, and, at length, be laid in a pauper's grave?

And yet again: About fifty years ago, two young men went into partnership for carrying on a retail

mercantile business. One shortly thereafter became financially embarrassed, on account of misfortune, and sold his share to the other, who was generous enough, however, to continue him as a superintendent. The business grew by leaps and bounds; and the little shop finally became a great city department store. Of the original partners, the one who obtained the control is a millionaire; the other is still a wage-earner on a salary barely enough to supply the necessities of life. Does not the industry, which he helped to found and which he has served, just as loyally and as faithfully as his associate, owe him nothing in his old age, when declining strength makes it necessary for him to resign his position to a younger man and give up the little weekly stipend he has been depending on, — is there nothing for him but charity?

When once the people of this country gather up the strands of such history, as they are appearing in the shops, stores and factories every day, and weave them together, they will have at hand a great hawser of fact and determination, with which they will rescue this old age dependency problem from continual drifting down the stream of our national life, with no haven in sight.

From an impartial, thoroughgoing study of the problem in all its phases, the conclusion is inevitable that the country must provide a system of service

pensions for its old and worn-out citizens. Voluntary provisions are, as industrial conditions now obtaining clearly manifest, impossible. The state subsidy scheme as offered in Germany would be well-nigh impracticable, because it would be regarded as un-American and unjust in the face of present living conditions. Contributory schemes are at best a relief for only a small portion of the needy. Manifestly, corporation pension schemes provide for the better class of mechanics and other well-paid laborers. They do not reach the great mass of the common day-laboring class throughout the country. Over 90 per cent of the almshouse population in the United States is drawn from this class, for which no provisions are in existence or contemplated in this country, other than state gratuity in old age. Unless the nation provides for these hundreds of thousands of poor toilers, there is absolutely nothing left for them but old age pauperism, with its attendant disheartening relief. The sentiment of the whole wide world in dealing with this problem is that "service pensions" are the only possible prevention.

And the cost of it all? And the means of meeting that cost? Many answers have been offered to these questions.

If the New Zealand pension system were to be bodily transferred to the United States and admin-

istered here just as it is there, it would increase our national expenditures by about $160,000,000 per annum, — an amount slightly in excess of the total for military pensions for the fiscal year ending June 30, 1910. One must not lose sight of the fact that military pensions in this country are now nearly altogether old age dependency relief; and, as the survivors of the Civil War are dying at the rate of about three thousand per month, the disbursements on account of military pensions are steadily decreasing. Hon. J. L. Davenport, Commissioner of Pensions, in submitting his report for the fiscal year ending June 30, 1911, states that there are 529,884 survivors of the Civil War, 35,243 having died during the year. The total number of soldiers and sailors of all wars remaining on the roll was 570,050; dependents and widows, 321,642; and army nurses, 406. The total amount paid in pension allowances during the year was $157,325,160, a decrease of $3,498,154 over the preceding fiscal year. The net decrease of pensioners for the year was 28,985. It will not be many years before the people of the United States could substitute worn-out soldiers of industry for the soldiers of war in the Pension Bureau, without very greatly increasing the national expenditures on account of pensions. The nation has been prodigal in its provisions for national defense; the yearly expenditure on account of the

navy being about $131,000,000 and for the army about $95,000,000, making, for these two arms of the national service, a total of something like a quarter of a billion of dollars a year. An equal amount, expended in the care of old age dependents, would bring the sunshine of happiness and contentment into thousands of hearts and homes that are now darkened by want and dependence. The effect of such a policy on the struggling, suffering millions of working people would be little short of electric; the worn-out and old would cease to persist in trying to keep step with the march, hindering and encumbering the industrial army with their inefficiency and weakness; but would give way gladly to the younger men and women, who are ever crowding and oftentimes wrangling for place in all our industrial pursuits; in other words, the economic and dynamic forces of the nation would be immeasurably increased, if every workingman and every workingwoman could look forward to a definite, fixed, lifelong income on reaching the age of sixty-five.

What would be more just and appropriate than a national income tax law, with individual incomes, above a certain minimum, taxed according to a graded scale, in such a way as that every employer would be compelled to share the profits of his business with the employee and consumer, both of which classes make his profits possible, — in such a way, also, as that

enormous individual fortunes, accumulated at the price of human suffering and life; at the sacrifice oftentimes of public welfare along hygienic and sanitary lines; at the sacrifice also sometimes of civic and political righteousness; — that all such fortunes as may be made up largely of what might be called the confiscation of the just earnings of the employee, may be distributed by income or inheritance tax among those whose powerlessness and necessities made the accumulations of such fortunes possible?

The establishment of old age pensions, through the operation of a national income tax law, is much more equitable and just from the American standpoint than was the plan proposed by Thomas Paine, in 1795, which was to be world-wide, — a plan for ameliorating the condition of man by creating in every nation a national fund, to pay to every person, when arrived at the age of twenty-one years, the sum of £15 sterling to enable him or her to begin the world, and also £10 sterling per annum during life, to every person then living at the age of fifty years, and to all others when they arrive at that age, to enable them to live in old age without wretchedness and go decently out of the world.[1] Mr. Paine proposed to finance his plan by confiscating on the death of every individual 10 per cent of his property as due to society;

[1] J. Frome Wilkinson, "Pensions and Pauperism," page 10.

and, in case the next of kin were so remote as to be removed from actual dependency, the amount deducted from the property for pension purposes was to be from 5 to 12 per cent more. There have been advocates of this plan in this country; but the arguments for such a scheme are not based upon such economic and politic reasons as those which underlie the proposition to finance a national pension scheme through the income tax law.

We hear much about the compulsory safeguarding of the community from the ravages of typhoid fever, tuberculosis and other contagious and destructive diseases. Indeed, civic and military governments are considered blameworthy and are unmercifully censured if they do not protect the citizens, whose servants they are, from the onslaughts of preventable contagious diseases. A city will invest millions of dollars in a filtration plant, to stop the pestilence of typhoid and other diseases; and in that event such city receives the praises of an applauding world. Gradually our whole nation has come to realize that money spent in the conservation of human life and natural resources is an investment every dollar of which will return a handsome dividend to the people individually and collectively. The nation and the cities are rapidly learning that compulsory safeguarding of the life and limb of the workingman is not only

humanitarian but economic; and employers of labor in factories, shops and transportation enterprises are showing their appreciation of safety appliances in the interest of their workers. Every dollar spent in appliances for saving life and health is an investment for profit, as well as for benevolent purposes. A national scheme of old age pensions would likewise be an investment that would bring splendid dividends along the same lines.

It may require millions of investment to solve the problem of old age dependency in the United States; but if solved, and solved right, the results will be incalculable in the humanitarian and economic realm.

Conclusion

Approximately 1,250,000 of the people of the United States, above sixty-five years of age, are dependent upon public and private charity, to the amount of about $250,000,000 annually. Thus far one person in eighteen of our wage-earners reaches the age of sixty-five in penury; and the indications are that the proportion of indigent old is increasing.

There are no signs of abatement in the causes of this deplorable condition, — such causes as misfortune, unemployment, low wages, etc. The efforts at relief of present and pending destitution, though somewhat widespread and in the main praiseworthy, are

remedial but not curative, — they may make a contingent provision for the old age necessities of perhaps one-third of the wage-earning class in America; whereas two-thirds of this great industrial army are not provided for by any present or prospective old age relief, other than that afforded by the operation of the poor laws.

Strange as it may seem, the United States is the only great industrial nation in the civilized world that has not already attempted a practical and permanent solution of this problem of old age dependency. Some writers on this subject are of the opinion that the reason for any lack of coöperation for the solution of this problem is the individualism that has maintained in this country from its earliest settlements down to the close of the first decade of the twentieth century. This philosophy of individualism is wrought into the constitution of our nation and states, underlies our jurisprudence, is paramount in our industrial and commercial activities and is manifest in our national literature of song, story and history. On the passing of the rural or agricultural character of our people, on our land being more thickly populated, and on our employments becoming more industrial, we are driven of necessity to consider abandoning the individualism of the past, and to look forward to a community of interest to which our urban condition and employments are fast driving us.

It is admitted on every hand, by those who have given careful attention to the tendencies of our industrial life, that the state must soon make provision for the necessities of those of its citizens who come down to old age without sufficient provision for a comfortable, self-respecting and respectable existence. Publicists and economists who see the handwriting on the industrial wall of the present age and of that soon to dawn are divided into two classes, which, for convenience, may be designated "annuity" and "pension": the former admiring greatly the provisions that have been made by Germany, France, Belgium, Denmark and other countries, by which annuities may be purchased by compulsory thrift and occupational and state subsidy; those on the other hand believing in pensions, adopting the philosophy that has brought about the enactment of pension laws in Great Britain, New Zealand, Australia, etc.

The annuity class has, up to the present time, seemed to be in the ascendancy in the United States, principally because their philosophy does not violate the fundamental doctrines of individual thrift, upon which largely our national prosperity has been built. While, on the other hand, the logic of the world movement towards pensions for old age, instead of annuities, as well as the logic of economic reason, points unmistakably to the supremacy of the pension class in the

ultimate solution of this national problem. The economic reasons for this prediction have been set forth in the preceding pages of this book. It remains now to assemble them together in a series of points which the facts presented in this volume make prominent.

First: Annuities purchased, either with or without state aid, do not provide for those now dependent or approaching dependency. Even if the government were to adopt a scheme similar to that recently promulgated by the French government, it would be at least two generations before all wage-earners could be provided for on the annuity plan.

Second: Any annuity scheme that the government might prescribe by law would in all probability fail to be all-inclusive, just as such schemes do in Germany and France, in that they provide for contributions or deductions from wages of wage-earners only; whereas, the experience in all nations is that any member of the merchant or moneyed class, who is usually exempted from compulsory contributions, may, in his old age, be even more dependent than a member of the distinctive wage-earning class.

Third: Such a scheme would be unpopular in this country, principally because of the sentiment of individualism heretofore referred to, and also largely because wage-earners, in their youth, object to paying

for something which they may never receive; and most seriously object to being compelled to purchase that which they are unable to buy. It must be remembered in this connection that any annuity scheme for the solution of the old age dependency problem must, in the nature of things, be by governmental compulsion. Voluntary thrift has failed in this country to avail itself of the many opportunities offered for making provision for old age comfort, just as it has failed in other countries; that is to say, only the more provident of the great middle class of citizens have had the inclination or the ability, either to deny themselves comforts or luxuries in order to lay by money or accumulate property for the support of old age, or to make periodic contributions towards the purchase of deferred annuities. Whatever provision is made, therefore, in this country for the relief of old age destitution must be made through governmental compulsion, either state or national.

Fourth: Any compulsory contributory scheme contemplates the accumulation of such a fund as to make such a scheme utterly impracticable from the economic and financial standpoint. This point may be illustrated in the following manner: Suppose that seventy-six years ago the national government had established a compulsory scheme by which every citizen, on reaching the age of twenty, should contribute each year

thereafter, so that, on arriving at the age of seventy, he should receive from the government an annuity of one hundred dollars so long as he lived. Suppose that 92,637 persons, of the exact age of twenty, had become amenable to this law each year, each contributing — under the American Experience Table — $2.5865 per annum until his seventieth birthday or prior death. When the scheme became effective in its operation as to all, the annual payments in annuities would be $32,689,950; the amount of annual contributions would be $9,265,482; and the remainder which interest on the funds would needs supply would be $23,424,468. On an interest assumption of $3\frac{1}{2}$ per cent, the accumulation necessary to supply this interest earning would be $669,270,526. It must be remembered that this contemplates only 92,637 persons, entering each year at age twenty, and the continuance of the scheme for seventy-six years. Now by finding out how many times 92,637 is contained in the number of workingmen and workingwomen aged twenty, and multiplying $669,270,526 by the quotient, a rough idea is obtained as to the enormous accumulation of funds in the hands of the government which such a system would finally involve. As there would be 3,582,285 persons between age twenty and age seventy contributing under this plan, the total lump sum required may also be roughly

approximated by dividing the number of workingmen and workingwomen between ages twenty and seventy by 3,582,285 and multiplying $669,270,526 by the quotient. The finite mind almost quails before the stupendous accumulations which such a scheme would necessitate; and the withdrawal of this immense sum from the capital of the country, needed in its industrial development and welfare, and the risk to the fund through pestilence, war or the untrustworthiness or mistakes of government officials charged with the custody and administration of such a vast sum, stamp this scheme as effectually un-American, unnecessary and well-nigh foolish.

The solution of the old age dependency problem in the United States will not soon be reached by any plan thus far put forward by the annuity class of economists. Indeed, in the face of such points as are marshaled against it, the annuity proposition, predicated upon any thrift scheme, may be considered a lost cause in this country; especially is this true when the advantages urged by the pension class, for the solution they offer, are carefully weighed.

In its essence, the old age pension scheme is nothing more nor less than the nation's acknowledgment of the debt which the present generation owes the survivors of the past generation. Any man or woman, who has lived for sixty-five or seventy years, doing

the best possible, under all circumstances, even making due allowance for mental, physical or moral frailties, has contributed by life and work to the making of the world a better place to live in. Every civilized community feels the obligation to provide such an one with shelter, food and raiment; that is to say, threescore years or more of life and service are as so many duebills which the superannuated person presents to the working generation, and which that generation cannot deny or repudiate. What the pension class of economists urge is that the duebills of the old shall not be paid grudgingly and by a charity that suggests a beggarly condition; but in a manner that preserves and exalts the dignity of the old, sustains his self-respect and enables him to move among the younger generation as a patriarch honored for having lived and served.

The points to which attention may be called, in the solution of the problem offered by the pension class, may be summarized as follows: —

First: It is manifestly no greater burden, on the community as a whole, to operate a government pension system than to support the aged dependents on the present system of public and private charity.

Second: The community, as a whole, owes the disabled soldiers of the nation's industrial army as tender consideration and ample rewards for service as are

recognized to be due the veterans of the nation's military service.

Third: A pension scheme established by Congress, and operated by the national government, would encourage the mobility of labor, destroy the spirit of servility and fear, that now so often dominates the wage-earner, and would enhance the stability and beauty of home life, in that the aged veteran would be welcome to a place of counsel and honor in the family circle, now too often denied him because his support is too heavy a draft on the scant earnings of his children and grandchildren.

Fourth: The operation of a pension system by the national government is as scientific, just, and impartial as any annuity scheme that has ever been planned or devised.

Actuaries and insurance men, who have been accustomed to think of this problem only from the viewpoint of a private corporation or insurance department, whose minds are filled with the mathematical formulæ and scientific principles attending the purchase of annuities, may challenge this last-named point. Some little attention, therefore, may be given to its elaboration.

It is well known that all insurance transactions — that is, the assumption of risks whereby certain indemnities are promised for certain contributions, which

experience has established as just and adequate — rest upon the "last man" theory; that is to say, there must be such an accumulation and contributions as that the corporation or community, assuming the risk, will be able to meet every obligation that may arise under the law of average, even though no new entrants come into the scheme. It is well known that if the "last man" be indefinitely postponed, the accumulations necessary to meet the obligation arising on his behalf may also be indefinitely diminished.

Out of this consideration grows the principle that compulsion of new entrants may take the place of accumulation of reserves. The old theory of assessmentism is absolutely sound, if it could be enforced. In other words, in a life insurance scheme if, on the death of every old member, a new entrant could be compelled to come into the organization, and thus keep the ranks full at all times, under the law of averages, accumulation of reserves would not be absolutely essential to make the plan feasible and permanent.

The government could enforce a provision of this kind as to any old age relief scheme. It could compel every citizen, on reaching the age of twenty, to pay over to the government a small sum per year, which the government would hold and invest and out of which, either with or without government subventions, annuities could be paid every citizen on reaching the age

of sixty-five or seventy. But under such a system of compulsion the accumulation could be indefinitely minified; and, with such compulsion, reserves for the fulfillment of obligations would not be necessary.

It has already been shown that under an annuity system which would include 3,582,285 persons between the ages of twenty and seventy, the annuities to the survivors at seventy — under the American Experience Table of Mortality — on the basis of one hundred dollars to each, would amount to $32,689,950. It has been shown that if the wage-earners of the country were to provide for this, by contributions and accumulations, the government, even for that number, would be required to have on hand $669,270,526 when the scheme becomes operative. It would be far more economic and just if the government were to take out of its treasury each year $32,689,950 and meet its annuity obligations to these aged dependents, than to require them to have segregated such immense funds from the capital of the nation as would be necessary to produce the required annuities.

Then, again, it is recognized in all nations which have put a pure pension plan into operation that the wage-earners by incidence have already created, in the general capital for the work and welfare of the country, an equivalent of the funds necessary to give them of right a support in their old age. They may not have paid

taxes on land or invested funds; but, as tenants, the taxes on the property they occupied were really paid by them, and as laborers in the employ of that capital which paid taxes levied on invested funds, their wages were drawn upon in due proportion. There is no tenant or laborer in the United States, even though he may not directly pay one dollar of tax through his whole lifetime, who, as public affairs are now administered, has not contributed an equivalent of his share of the accumulation necessary to provide him with a support for his old age. Therefore, the government, in paying out annuities according to the plan in the illustration used above, amounting to some $32,000,000, is practically paying the laborer, on his reaching dependent old age, interest on the accumulations of national wealth which his labor and life have helped to produce.

The principle underlying this plan of pension grants is well illustrated in the operation of the so-called English "consols," — the term used in financial circles as an abbreviation for "consolidated annuities." It was the custom of the British government, centuries ago, to grant annuities to subjects who had rendered some particular service to the crown. In 1751 the outstanding annuities of the government were consolidated into one fund, the principal of which amounted at that time to £9,137,821, carrying 3

per cent interest. The payment of the interest is obligatory; while payment of the principal is, in all cases, "at the pleasure of the government." These obligations have been increased from time to time until "consols" now amount to a sum equal to more than half of the total outstanding British government debt. The holder of a British consol, therefore, is entitled to an annuity as long as he lives, which, however, in many instances, represents service rendered and not money invested.

In like manner, the soldiers and sailors, on the Union side in the Civil War, "loaned" the government health and service, quite as essential as the loans of money by banks and individuals. The banks and individuals held the government's obligations in the form of bonds on which interest was guaranteed annually, though the payment of the principal may have been postponed for many decades. The pension to the soldier and sailor, therefore, may be regarded as interest on the "bond" which he held in like manner, *for service.*

So, also, the soldier in the industrial army has loaned the nation his strength, time and service; and a pension paid to him by the nation may be justly regarded as interest on his loan.

To the objection that such an old age pension scheme would be detrimental to the thrift habit, it is

sufficient to reply that in all other countries where the government has inaugurated old age pensions there has been no indication that the people in consequence are less thrifty, self-reliant or provident than they were before the pension scheme was inaugurated. If the United States government were to say in effect, "Every citizen shall receive, on application therefor, at sixty-five years of age, one hundred dollars each year from the public treasury so long as he lives," this promise of the government would be an effectual encouragement to every citizen to accumulate funds or property that would enable him to purchase, in his old age, some of the little comforts of life, in addition to the bare necessities which the government pension would supply.

The objection that springs most spontaneously to the lips of the well-to-do, who may be opposed to old age pensions because such scheme implies an increase of taxation burdens, is this: Is it proposed that I, who have been provident, frugal, temperate and thrifty, shall pay for the support of the loafer and criminal? This objection is met very readily by inquiring how the good and successful citizen is now absolved from the burden of providing for the support of his slothful or criminal neighbor. All correctional, reformatory and relief institutions are largely maintained by the tax-paying portion of the community. The improvident

profligate, even if placed in an asylum or other institution, according to his mental or physical necessities, is, nevertheless, supported by the honest, faithful taxpayer. Therefore, an objection of this kind must be regarded as specious and temporizing in character, and not as of sufficient weight to hinder the progress of the pension movement in this country.

Thus far, every objection urged against a national old age pension scheme has been readily met, not so much by *a priori* argument, as by citing the working out and effects of such schemes abroad. In every other country where such a scheme has been inaugurated, it is acknowledged by all classes and parties that it has come to stay, — because it ought to stay. While in some details of administration the scheme may be amended from time to time, there is nowhere the slightest disposition to abrogate or abandon the principle. Encouraged by this universal testimony of approval in every country of its adoption, the advocates of the old age pension principle in this country are confident that the time is opportune for pressing the campaign for its inauguration here. Present social, industrial and economic conditions point inevitably to old age pensions as the best possible solution of the problem of old age dependency in the United States.

APPENDIX A

SIXTY-SECOND CONGRESS, first Session. H. R. No. 13114. In the House of Representatives, July 31, 1911, Mr. Berger introduced the following bill, which was referred to the Committee on Pensions and ordered to be printed. A BILL TO PROVIDE OLD AGE PENSIONS.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

That every person who makes satisfactory proof before the authorities hereinafter designated that he (or she) —

(*a*) Has reached the age of sixty years;

(*b*) Has been a citizen of the United States for sixteen consecutive years;

(*c*) Has not been convicted of a felony;

(*d*) If a husband, has not without just cause failed to provide with adequate maintenance his wife and such of his children as are under sixteen years of age; or if a wife, has not deserted any of her children under sixteen years of age;

(*e*) Is not in receipt of an income from any source, exclusive of the pension herein provided for, which,

for the twelve months previous to the filing of his application, has averaged six dollars a week,

— Shall be placed upon the pension roll of the United States and be entitled to receive until death a pension from the United States Government provided by an annual appropriation by the Congress. Such pensions shall be graded according to the following schedule: —

When the average weekly means of the pensioner as calculated under the Act do not exceed six dollars, four dollars per week; exceed six dollars, but do not exceed six dollars and seventy-five cents, three dollars and twenty-five cents per week; exceed six dollars and seventy-five cents, but do not exceed seven dollars and fifty cents, two dollars and fifty cents per week; exceed seven dollars and fifty cents, but do not exceed eight dollars and twenty-five cents, one dollar and seventy-five cents; exceed eight dollars and twenty-five cents, but do not exceed nine dollars, one dollar per week.

SEC. 2. That every person claiming a pension under this Act shall file with the Department of the Interior an affidavit containing such statements as may be prescribed by the Secretary of the Interior, who shall also make such rules and regulations as are necessary to carry out the provisions of this Act.

SEC. 3. That in computing the term of residence

above required, such periods of absence from the boundaries of the United States as have been undergone by the claimant while in the service abroad, either civil or military, of the United States, or of any State or Territory thereof, shall be counted as though the claimant had then lived within the United States.

SEC. 4. That in ascertaining the income above mentioned account shall be taken —

(*a*) Of any pension which claimant is already receiving from this or any other Government.

(*b*) Of the yearly income which might be expected to be derived from any property belonging to that person which, though capable of investment or profitable use, is not so invested or profitably used by him.

(*c*) Of the yearly value of any advantage accruing to that person from the ownership or use of any property which is personally used or enjoyed by him.

(*d*) Of the yearly value of any benefit or privilege enjoyed by such person.

SEC. 5. That in calculating the means of a person being one of a married couple living together, the means shall not in any case be taken to be less than one-half the total means of the couple: Provided, That when both husband and wife are pensioners, except where they are living apart pursuant to any decree, judgment, order, or deed of separation, the

rate of pension for each shall be three-fourths of the rate given in the above schedule.

SEC. 6. That the pension hereunder may be increased or decreased every twelve months, whenever the pensioner's income decreases or increases according to the terms of the schedule; and the Secretary of the Interior shall make all needful regulations for providing for this change of rating.

SEC. 7. That this Act is amendatory of, and supplemental to, all existing statutes touching pensions, and all such statutes in all respects are hereby declared to apply to and to protect claimants under this Act, precisely as though they had been in form incorporated herein.

SEC. 8. That the said pension shall be paid in thirteen instalments in each year in advance. It shall begin on the date when the claim is filed, and the arrears from that time to the time of allowance shall, if the claimant be then living, but not otherwise, be paid in a lump sum.

SEC. 9. That in case any person entitled hereunder is an incompetent or is incapable under the law where such person resides, the claim for the pension of such person may be made and the pension may be collected for such person by any person or persons appointed under the local law as guardian, conservator, tutor, or the like, of such claimant.

SEC. 10. That this Act shall be liberally administered to effect its purpose, which is to provide, out of the public purse, sufficient income for the old to enable them to enjoy the last remaining years of their lives in such freedom from the fear of want as they have earned by a long service for society as citizens of the Republic.

SEC. 11. That in accord with paragraph two, section two, Article III of the Constitution, and of the precedent established by the Act passed over the President's veto March twenty-seventh, eighteen hundred and sixty-eight, the exercise of jurisdiction by any of the Federal courts upon the validity of this Act is hereby expressly forbidden.

APPENDIX B

SIXTY-FIRST CONGRESS, second Session. H. R. No. 14494. In the House of Representatives, December 14, 1909, Mr. Wilson of Pennsylvania introduced the following bill, which was referred to the Committee on Military Affairs and ordered to be printed.

AN ACT TO ORGANIZE AN ARMY CORPS, PRESCRIBE QUALIFICATIONS FOR ENLISTMENT THEREIN, DEFINE THE DUTIES AND FIX THE COMPENSATION AND TERM OF ENLISTMENT OF PRIVATES, AND FOR OTHER PURPOSES.

Be it enacted, etc.

That immediately after the passage of this Act, an Army Corps shall be organized in the Department of War, under the direction of the President, to be known as the Old Age Home Guard of the United States Army.

SEC. 2. The Old Age Home Guard of the United States shall be composed of persons not less than sixty-five years of age.

SEC. 3. Any person who is sixty-five years of age, or upwards, and who has been a resident of the United States twenty-five consecutive years, and a

citizen of the United States fifteen consecutive years next preceding the date of application, and who is not possessed of property amounting to more than fifteen hundred dollars in value, free of all incumbrances, or an income of more than two hundred and forty dollars per annum, and who has not sequestered, or otherwise disposed of property or income for the purpose of qualifying for enlistment as hereinafter provided, may make application, in writing, to the Secretary of War, for enlistment in the Old Age Home Guard of the United States Army, and it shall be the duty of the Secretary of War to enlist and enroll such applicant, for the term of his or her life, as a private in the Old Age Home Guard of the United States Army without regard to the physical condition of the applicant, provided that persons related as husband and wife shall not both be eligible for enlistment, enrollment, and service therein at the same time, and in case of dispute as to whether husband or wife shall be enlisted and enrolled, as herein provided, the question shall be decided by the Secretary of War, by and with the approval of the President.

SEC. 4. The pay of a private in the Old Age Home Guard of the United States Army shall be one hundred and twenty dollars per annum, to be paid in quarterly instalments, as pensions are now by law paid, provided, that ten dollars per annum shall be

deducted from the pay of each private, and retained in the treasury of the United States, for every one hundred dollars' worth of property in excess of three hundred dollars, and for every ten dollars per annum income in excess of one hundred and twenty dollars possessed by such private.

SEC. 5. Arms and ammunition shall be furnished to privates in the Old Age Home Guard of the United States Army at the discretion of the Secretary of War, but no sustenance shall be furnished to them except the pay herein provided.

SEC. 6. No private, or applicant for enlistment as private, shall be required to leave his or her home for the purpose of enlistment, enrollment, or service in the Old Age Home Guard of the United States Army, nor shall they be required to assemble, drill, or perform any other maneuvers, nor be subject to any of the regulations of the United States Army, except as herein provided.

SEC. 7. Privates in the Old Age Home Guard of the United States Army shall be required to report annually, in writing, to the Secretary of War, on blanks furnished by him for the purpose, the conditions of military and patriotic sentiment in the community where such private lives, but no private shall be discharged, disciplined, or otherwise punished for failure to make such report.

SEC. 8. The number of persons enlisted in the Old Age Home Guard of the United States Army shall be in addition to the number of officers and privates now required by law in the United States Army.

SEC. 9. All acts and parts of acts inconsistent with the provisions of this Act are hereby repealed.

ADDENDUM

NEW YORK CITY TEACHERS' RETIREMENT FUND

SINCE this book was put into type, *The Eastern Underwriter* (issue dated February 29, 1912) reports that Consulting Actuary S. H. Wolfe of New York City has made, at the request of several public school teachers in the City of New York, an investigation into the operation of the teachers' retirement fund in that city, from which report the following extracts are taken: —

"I consider this retirement fund one of the most stupendous municipal swindles ever perpetrated," said Mr. Wolfe to a *World* reporter last night. "I don't know who is responsible for it, but I do know that the retirement of teachers will have to cease shortly, and it will then be necessary to wait until death reduces the ranks sufficiently to enable the retirement to be resumed. In the meantime, the teachers now retired who have paid one per cent of their salaries into the fund will get nothing in return. . . . It appears that during the first seven months of 1911 there were forty-nine entrants to the fund and ten deaths, or a net gain of thirty-nine, thus establishing a fairly constant ratio. It is clear to me that within the next seven or eight years the fund will be reduced to $800,000 and that the contributions from that time will not only be insufficient to permit any further retirements for many years, but will be insufficient to provide for payments to all those on the retirement roll at that time." Mr. Wolfe gives the number of annuitants on December 31, 1911, as 1200 and the condition of the fund on that date as $1,500,000 as against $1,596,965 on December 31, 1910. The decrease amounts to $96,965. The decrease for the year before was $29,111. . . . Mr. Wolfe is also credited as saying that the whole theory is wrong, as one per cent of a teacher's salary is taken away from him on the idea that he will receive a pension on retirement. This payment he is sure from his deductions cannot be made.

Attention is called to this matter for the reason that it is an indication that the dangers pointed out (see pages 274–277) by Mr. M'Lauchlan and Mr. King as likely to arise in schemes or funds not based on sound actuarial principles may, in the near future, become actual in the operation of many of the municipal and corporation pension plans adopted in America.

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Frankel and Dawson, "Workingmen's Insurance in Europe," 304, 313.
Fundamental Principles of Pension Funds, James J. M'Lauchlan, 274.
Gannett, Henry, *National Geographic Magazine*, 7.
Henderson, C. R., "Industrial Insurance in the United States," 311.
Hollander, J. H., Address before the Hebrew Benevolent Society in Baltimore, 242.
How Old Age Pensions Began To Be, Francis Herbert Stead, M.A., 15–16.
Hunter, Robert, "Poverty," 46.
Industrial Insurance in the United States, C. R. Henderson, 311.
Journal of Political Economy, I. M. Rubinow, in, 268.
Levasseur, Émile, "The American Workman," 30.
Lewis, Frank W., "State Insurance," 4, 24, 38, 255, 269.
Life Insurance and Other Subjects, John F. Dryden, 264, 267.
Lloyd, H. D., "Newest England," 249.
Massachusetts Bureau of Labor Statistics, 28.
Massachusetts Commission on Old Age Pensions, Annuities and Insurance, 5, 6, 9, 12, 13, 25, 29, 67, 225, 245, 248, 271, 273, 314.
Misery and Its Causes, Edward T. Devine, 23, 24, 32, 35, 243.
Mitchell, John, in *Philadelphia North American*, 33.

M'Lauchlan, James J., "The Fundamental Principles of Pension Funds," 274.
Modern Labor Problems, John Mitchell, 33.
National Geographic Magazine, Henry Gannett, 7.
National Vitality, Report on: Its Wastes and Conservation, Irving Fisher, 27.
Nearing, Scott, "Wages in the United States," 30, 47, 249.
Newest England, H. D. Lloyd, 249.
New York Bureau of Labor Statistics, 30.
New York State Census Report, 32.
New Zealand Official Year Book, 302.
Old Age Pensions, J. A. Hobson, in the *Sociological Review*, 257.
Old Age Pensions, William Sutherland, 69, 313.
Paupers in Almshouses, Census Bureau, 8, 9, 29, 50.
Pennsylvania Bureau of Industrial Statistics, 30.
Pension Proposal for New York City, *The Survey*, 227.
Pensions, Commissioner's Report, 11, 229, 320.
Pensions and Pauperism, J. Frome Wilkinson, 235, 322.
Phelps, Edward Bunnell, in the *American Underwriter*, 285, 293.
Poverty, Robert Hunter, 46.
Present Distribution of Wealth in the United States, Charles B. Spahr, 30, 254.
Principles of Relief, Edward T. Devine, 39.
Rubinow, I. M., in *Journal of Political Economy*, 268.
Ryan, J. A., "A Living Wage," 30, 39, 40, 42, 49, 251, 258, 260.
Seager, Henry Rogers, "Social Insurance," 26, 27, 28, 38, 281, 314.
Skinner, Robert P., Consul General, The German Insurance System, 298.
Social Insurance, H. R. Seager, 26, 27, 28, 38, 281, 314.
Spahr, Charles B., "Present Distribution of Wealth in the United States," 30, 254.
Standard of Living in New York City, R. C. Chapin, 249.
State Insurance, Frank W. Lewis, 4, 24, 38, 255, 269.
Stead, Francis Herbert, M.A., "How Old Age Pensions Began To Be," 15.
Survey, The, Pension Proposal for New York City, 227.
Sutherland, William, "Old Age Pensions," 69, 313.
The American Workman, Émile Levasseur, 30.
The Labor Gazette (Canada), 43, 45.
The Sociological Review, J. A. Hobson on "Old Age Pensions," 257.
The Wage Question, F. A. Walker, 39.
Transactions of the Insurance and Actuarial Society of Glasgow, 277.
Vanderlip, F. A., in Conference of Charities and Correction, 73.
Victoria Official Year Book, 303.
Wages and Hours of Labor, Commissioner of Labor Report on, 39, 43.
Wages in the United States, Scott Nearing, 30, 47, 249.
Walker, F. A., "The Wage Question," 39.
Warner, A. G., "American Charities," 25.
Wilkinson, J. Frome, "Pensions and Pauperism," 235, 322.
Wilson, W. B., Proposed Pension Bill, 311, 344.
Wolfe, S. H., Report on Teachers' Retirement Fund, New York City, 348.
Workingmen's Insurance in Europe, Frankel and Dawson, 304, 313.
Workmen's Insurance and Benefit Funds, Commissioner of Labor Report on, 37, 55, 56, 64, 65.

GEOGRAPHICAL INDEX

Alabama, 141.
Albany, N.Y., 165.
Antwerp, 223.
Argentine Republic, 139.
Arizona, 141.
Arkansas, 141.
Atlanta, Ga., 34, 144.
Australia, 139, 297, 326.
Austria, 139, 241, 297.

Baltimore, Md., 151, 196, 212.
Belgium, 139, 284, 297, 301, 326.
Berlin, 223.
Bethlehem, Pa., 34.
Birmingham, Ala., 8.
Birmingham, England, 223.
Boise, Idaho, 144.
Boston, Mass., 152, 196, 212, 225, 226.
Breslau, 223.
Brooklyn, N.Y., 140.
Buffalo, N.Y., 165.

California, 141.
Camden, N.J., 198.
Canada, 44, 45, 187, 291–293.
Charleston, S.C., 178.
Chattanooga, Tenn., 198.
Chicago, Ill., 34, 145, 198, 212, 233.
Chile, 139.
China, 53, 312.
Cincinnati, Ohio, 171, 199, 213.
Cleveland, Ohio, 171, 200, 213.
Colorado, 141.
Columbus, Ohio, 171, 201, 214.
Connecticut, 142.

Dallas, Texas, 211.
Dayton, Ohio, 171.
Delaware, 7, 143.
Denmark, 69, 297, 300, 326.
Denver, Colo., 141, 214, 310.
Des Moines, Iowa, 202, 215.
Detroit, Mich., 155, 203.
District of Columbia, 143.
Dresden, 223.
Duluth, Minn., 156.

Edinburgh, 223.
Elmira, N.Y., 165.
England, 15, 139, 235, 283, 304.
Europe, 304.

Finland, 139.
Florida, 144, 231.
France, 139, 245, 285, 297, 306–309, 326, 327.
Frankfort, Germany, 223.

Georgia, 144.
Germany, 245, 271, 281, 297–300, 326, 327.
Glasgow, 274.
Grand Rapids, Mich., 34, 156, 215.
Great Britain, 14, 56, 69, 241, 297, 326.

Harrisburg, Pa., 173.

Idaho, 144.
Illinois, 145, 198, 212, 232, 233.
Indiana, 146, 203.
Indianapolis, Ind., 146, 203.
Iowa, 147.
Ireland, 139.
Italy, 139, 297.

Japan, 139, 312.

Kalamazoo, Mich., 156.
Kansas, 148.
Kansas City, Mo., 204, 215.
Kentucky, 7, 149.

Lansing, Mich., 156.
Liverpool, 223.
London, 223, 251.
Los Angeles, Cal., 8.
Louisiana, 149, 205.
Louisville, Ky., 149.
Lyons, 223, 225.

Madrid, 223.
Maine, 150.

Manchester, England, 223.
Marseilles, 223.
Maryland, 7, 151.
Massachusetts, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 24, 25, 29, 152, 232, 233, 245, 248, 286–290.
Mexico, 139.
Michigan, 155.
Milwaukee, Wis., 182, 205, 215.
Minneapolis, Minn., 156, 216.
Minnesota, 156, 216.
Mississippi, 157.
Missouri, 157, 208, 215.
Montana, 159.

Nebraska, 159, 217.
Nevada, 160.
Newfoundland, 187.
New Hampshire, 160, 231.
New Haven, Conn., 143.
New Jersey, 160, 239.
New Mexico, 163.
New Orleans, La., 149, 205.
New South Wales, 302.
New York, 7, 30, 31, 32, 33, 34, 68, 140, 163, 168.
New York City, 32, 34, 140, 163, 205, 216, 227, 249, 348.
New Zealand, 249, 297, 302, 313, 326.
North Carolina, 169.
North Dakota, 170.
Norway, 139, 241.
Nuremberg, 223, 225.

Oakland, Cal., 8.
Ohio, 7, 170.
Oklahoma, 171.
Omaha, Neb., 159, 206, 217.
Ontario, Can., 139.
Oregon, 7, 8, 171.
Ottawa, Can., 43.

Paris, 223, 224.
Parkersburg, W. Va., 181.
Pennsylvania, 30, 172.
Philadelphia, Pa., 175, 206.
Pittsburgh, Pa., 173, 217.
Portland, Ore., 8.
Porto Rico, 185.
Providence, R.I., 177, 207.

Quebec, Can., 139.

Rhode Island, 176.
Richmond, Va., 207, 218.
Rochester, N.Y., 165, 166, 208, 218.
Rotterdam, 223.
Russia, 139, 241.

Saginaw, Mich., 156.
Saint Louis, Mo., 157, 208, 219.
Saint Paul, Minn., 156, 219.
Salt Lake City, Utah, 180.
San Francisco, Cal., 209, 220.
Saxony, 139.
Schenectady, N.Y., 165.
Scotland, 274.
Seattle, Wash., 8, 209, 221.
Servia, 139.
South Carolina, 178.
South Dakota, 178.
Spain, 139, 241.
Spokane, Wash., 8.
Springfield, Ill., 210.
Springfield, Mass., 210, 220.
Stockholm, 223.
Superior, Wis., 210, 221.
Sweden, 139.
Switzerland, 139, 297.
Syracuse, N.Y., 165.

Tacoma, Wash., 221.
Tennessee, 178.
Texas, 178.
Toledo, Ohio, 171, 202, 222.
Topeka, Kan., 222.
Toronto, Can., 310.
Troy, N.Y., 165.

United States, 3, 5, 6, 7, 8, 9, 10, 11, 12, 25, 27, 29, 34, 42, 47, 48, 50, 57, 187, 229, 230, 295, 320, 325, 330.
Utah, 179.

Vermont, 180.
Victoria, 303.
Vienna, 223, 241.
Virginia, 180.

Washington, 7, 181, 209, 221.
Washington, D.C., 143.
West Virginia, 181.
Wisconsin, 182, 205, 215, 221, 291.
Wyoming, 185.

TABULAR INDEX

Table No.		
I.	Dependent Population Sixty-five Years Old and Over	6
II.	Weekly Incomes and Expenses of Non-dependent Aged Poor	12
III.	Labor Unions Paying Unemployment Benefits	37
IV.	Laborers' Hours and Wages by Occupations (Males)	40
V.	Average Per Cents of Increase shown in Cost of Living by Wholesale Prices in Canada in 1909	44
VI.	United States Letter Carriers' Retirement Association Monthly Premium Rates for Annuities of One Hundred Dollars	60
VII.	Municipal Pensions in European Cities	223
VIII.	Twenty-year Endowment Table	265
IX.	Cost of $100 Insurance and Annuity	266
X.	Massachusetts Annuity Rates	287
XI.	Massachusetts Annuity Rates (Premiums Returnable)	288
XII.	Massachusetts Combination Policy Rates	289

TOPICAL INDEX

Accidents, 26.
Almshouses:
  Defective Inmates, 13, 29.
  Dread of, 16, 54.
  Population and Cost, 6.
  Population in United States and Massachusetts, 8, 9, 10.
  Recruits from What Classes, 50.
American Federation of Labor:
  Convention, Denver, 1908, 310.
  Number of Unions, 55.
American Statistical Association, 44–45.
Annuities:
  Canadian Government Scheme, 291–293.
  Purchase of, Not Extensive, 266, 286, 293–294.
  Purchase of, through Government:
    Belgium, 284–285, 301.
    Denmark, 300.
    England, 283.
    France, 285.
  Rates for Letter Carriers', 60–61.
  The Massachusetts Plan, 287–290.
  The Wisconsin Plan, 291.
  Through Insurance Companies, 263–268.
  Through Savings Banks, 246–247.
  Through State Insurance Funds, 283–294.
Carnegie Foundation for the Advancement of Teaching, The, 186–192.
Charity:
  Forms of, 4.
  Growth of, 53.
  Recent Development, 10.
Conservation, 27, 323.
Cost of Living:
  Among the Old, 12.
  Comparative Increase in Canada, 44.
  For Liquors, 258–259.
  For Medicine, 27.
  In Massachusetts, 248.
  Minimum Standard, 39, 41, 46, 249.
  Rise of Prices, 44–46.
Dependents:
  Able-bodied, Percentage of, 29.
  In Massachusetts, 5, 6.

In United States, 5, 6.
Maintenance of, 3, 4, 6, 320, 324.
Number of, 3, 5, 6, 14, 324.
Firemen's Pension Funds, 211–222.
Fraternal Benefit Societies:
Court Decisions concerning, 68.
Number of, Promising Old Age Benefits, 67.
Problems of, 68.
Readjustment Era, 71.
Recommendation concerning, 67.
Ideal Community, The, 243.
Immigration: Its Bearing on the Dependency Problem, 33–35.
Incidence, 315, 330, 334, 337.
Incomes:
Average, 49.
Inadequate, 40–46, 248, 249, 251, 255, 296.
Loss in Earnings by Illness, 27–28.
Loss in Unemployment, 30–36.
Low Wage Occupations Crowded, 26.
Machinery Lessens, 35.
Minimum Standard, 39, 41–46, 249.
Of Aged Non-dependents, 12–13.
Of Aged Poor, Great Britain, 15.
Pension Scheme by Taxing, 321–323.
Percentage of Increase, 43–46.
Individualism in United States, 325.
Industrial Establishments:
Reasons for Pensions in, 73.
Retirement Allowances, 72–108, 274–277.
Retirement Schemes of, 72–108, 274–277.
American Express Company, 74.
Armour and Company, 75.
Boston Consolidated Gas Company, 77.
Cambria Steel Company, 77.
Carnegie Relief Fund, 95.
Chicopee Manufacturing Company, 78.
Consolidated Gas Company of New York, 78.
Deere and Company, 79.
Du Pont de Nemours Powder Company, E. I., 79.
First National Bank of Chicago, 102.
Gilbert and Barker Company, 80.
Gorham Manufacturing Company, 81.
Hibbard, Spencer, Bartlett and Company, 81.
International Harvester Company, 84.
Morris and Company, 85.
National Carbon Company, 86.
New England Companies, 101.
Philadelphia Electric Company, 87.
Pittsburgh Coal Company, 87.
Proctor and Gamble Company, 89.

Public Service Corporation of New Jersey, 90.
Sherwin-Williams Company, 91.
Simonds Manufacturing Company, 92.
Standard Oil Company, 93.
Talbot Mills, 94.
United Cigar Stores Company, 94.
United States Steel and Carnegie Pension Fund, 95.
Wells, Fargo and Company, 97.
Western Electric Company, 98.
Westinghouse Air Brake Company, 99.
Witherbee, Sherman and Company, Inc., 101.
Insurance Companies:
Annuity Plans and Rates, 263–270.
Criticisms of, 268, 269.
The "Group" Plan, 270.
Interstate Commerce Commission, 42.
Labor:
American Federation of, 55, 310.
Commissioner of, Report, 37, 39, 43, 55, 56, 64, 65.
Factory, 35.
Forecast, 49.
Physical Efficiency, 46.
Underpaid, 41.
Wages and Hours, 39–41.
Labor Organizations:
Description of Benefits in, 65.
Summary of Benefits Paid, 55–66.
Unemployment Benefits, 36–37.
Amalgamated Association of Street and Electric Railway Employees, 63.
Amalgamated Society of Carpenters and Joiners, 56.
Amalgamated Society of Engineers, 58.
American Federation of Labor, 55, 310.
Cigar Makers' International Union of America, 57.
German-American Typographia, 63.
Grand International Brotherhood of Locomotive Engineers, 58.
Granite Cutters' International Association of America, 59.
International Association of Machinists, 62.
International Jewelry Workers' Union, 57.
International Typographical Union, 64.
Pattern Makers' League of North America, 62.
United Association of Journeymen Plumbers, Gas Fitters, Steam Fitters and Steam Fitters' Helpers of the United States and Canada, 62.
United States Letter Carriers' Retirement Association, 59.
Loss:
In Earnings, 27, 28.
Of Property, 25.
Of Savings, 28, 250
Of Time, 30–32.
Of Wages, 27, 28.

Maladjustment:
Commission to Study, 239.
Economical and Moral, 258.
General, 255.
General Effects of, 296.
Manufactures:
Census Report on, 41.
Massachusetts Commission on Old Age Pensions, Annuities and Insurance:
Authorization of, 5.
Findings on:
Almshouses, 9, 29.
Dependents as Basis for United States, 6.
Incomes and Expenses, Non-dependent Aged Poor, 12.
Non-dependent, 5, 12, 13.
Percentages Able to Work, 13.
Persons in Massachusetts over Sixty-five, 5, 6.
Retirement Funds, 273.
Sickness and Poverty, 29.
Thrift, 245, 248.
Misfortune:
Among Women-workers, 251.
Causes of, 25.
In Old Age, 311, 312, 319.
Misfortune, 24–38.
New Jersey Commission on, 239.
Unemployment, 30.
Model Pension Fund, 274–277.
Municipal Pension Systems, 193–228.
Old Age:
Cost of Maintenance, 3, 4, 6.
Dependents, 3.
Incomes and Expenses in, 12, 13.
In England, 14.
In Massachusetts, 5, 6.
In the United States, 6.
Miseries of, 15–16.
Misfortunes of, 23, 24–29.
Non-dependent, 5, 12, 13.
Pen Picture of, 15–16.
Pensioners, 6, 11.
Savings for Impossible, 50, 248, 249, 253, 257, 259, 267, 268, 281.
Statistics on, 4.
Pauperism:
After Sixty-five, 14, 319.
Due to Misfortune, 25.
Increase, 8, 9.
Makes Thrift Impossible, 259.
To Be Eliminated, 242.
Paupers:
Defective, 29.

In Almshouses, 6.
Increase over Sixty-five, 8, 9.
In Great Britain, 14.
In Massachusetts, 14.
Mental Condition, 23.
Percentage of, in Various Pursuits, 50.
Pensions:
A Model Fund, 274–277.
Amount of, 11.
By Compulsory Contributions, 328–330.
By Deductions from Wages, 271–282.
By Purchase, 262–294.
Concept of Service Pension, 311, 313, 316, 321.
Confederate, 6, 231–232.
Compulsory, as in France, 306–309.
Compulsory, as in Germany, 298–300.
Contributory Plans, 271–282, 319.
Cost of a National Scheme, 320, 321, 329.
Dangers in Industrial, 277–282.
Economic Motives for, 73, 105–106, 120, 275, 313.
First Pension Bill in England, 235.
For Firemen, 211–222.
For Other Municipal Employees, 223–228.
For Policemen, 193–211.
For Teachers, 139–192, 348.
Government, 229–235.
Individualism Opposes, 325.
In Industrial Establishments, 72–108.
In Railroad Service, 109–128.
In Steamship Companies, 136–138.
Municipal, 193–227.
Municipal in Europe, 223.
Non-contributory Schemes, 121, 301–309.
Not Detrimental to Thrift, 314, 336.
Objections to Universal, 314–317, 327–329.
On Electric Lines, 128–136.
On the "Group" Plan, 270.
Proposal for Municipal in New York City, 227–228.
Proposed for Postal Employees, 255–257.
Proposed National Pension Bills:
Berger, 234, 339.
Wilson, 311, 344.
Relation to Conservation, 323.
Schemes and Funds, 274–277.
Service, 295–337.
State, 232–235.
The Thomas Paine Proposal, 322.
Through the Carnegie Foundation, 186–192.
United States and Massachusetts, 6.
Universal, as in England, 304–305.

Universal, as in New South Wales, 302.
Universal, as in New Zealand, 302.
Universal, as in Victoria, 303.
Voluntary Associations, 273–279.
Wage-earners' Objections to, 279–282.
Police Pension Funds, 194–211.
Poor Relief:
Amount of, 6.
For Aged Dependents, 6.
Forms of, 4, 10.
Humiliating, 54.
Inadequate, 240.
Population:
Able-bodied in Almshouses, 13.
Almshouse, 6, 9, 319.
Defective in Almshouses, 29.
Dependent over Sixty-five, 6, 14.
Poor, Great Britain, 14.
Massachusetts, 14.
Proportion Dependent, 13.
Proportion Poverty-stricken, 46.
Trend to Manufacturing Centers, 7.
Unemployed, 30–37.
Urban and Rural, 7, 8.
Poverty:
Cause, 24, 25.
Due to Accidents, 26–27.
Elimination, 242.
Number in, 46.
Surrender to, 23.
Trend to, 239.
Unemployment as Cause, 30–32.
Profit-sharing Schemes, 106.
Revolution, Industrial at Hand, 240–242, 254, 260.
Savings for Old Age:
Absorbed through Illness, 27.
Impossible on Low Wages, 50, 248, 249, 253, 257, 259, 267, 268, 281.
Lost by Misfortune, 25, 28, 250.
Superannuation:
Allowances in Labor Organizations, 55–66.
In Industrial Establishments, 72–108.
In Steamship Companies, 136–138.
In the Railroad Service, 110–128.
Of Postal Employees, 255–257.
Of Teachers, 139–192.
On Electric Lines, 128–136.
Table of Rates for Annuities to Letter Carriers, 60–61.
Teachers' Retirement Funds, 139–192, 348.
Thrift:
As Affected by Drink, 258.

Hard to Cultivate, 249.
Massachusetts Commission Report on, 245.
Old Age Pensions and, 314, 337.
Societies for Encouraging, 246.
The Workingman's View of, 259.
Through Savings Banks, 247.
Transportation Companies, 109–138;
(*a*) Steam Railroads, 110–128:
Atchison, Topeka and Santa Fe Railway, 116.
Atlantic Coast Line Railroad, 115.
Baltimore and Ohio Railroad, 110.
Buffalo, Rochester and Pittsburgh Railroad Company, 115.
Canadian Pacific, 119.
Chicago and North Western, 111.
Chicago, Rock Island and Pacific Railway, 116.
Chicago, St. Paul, Minneapolis and Omaha Railway Company, 115.
Cleveland Terminal and Valley Railway, 111.
Delaware, Lackawanna and Western Railroad, 112.
Ferrocarriles Nacionales de Mexico, 118.
Grand Trunk Railway, 119.
Great Central Railway (England), 125.
Great Eastern Railway (England), 124.
Illinois Central Railroad, 112.
London and Northwestern Railway (England), 128.
Midland Railway (England), 122.
Minneapolis, St. Paul and Sault Ste. Marie Railway Company, 117.
New York Central and Hudson River Railroad, 116.
New York, New Haven and Hartford Railway, 117, 137.
Pennsylvania Lines West of Pittsburgh, 112.
Pennsylvania Railroad, 111.
Philadelphia and Reading Railway Company, 113.
San Antonio and Aransas Pass Railway Company, 113.
Southern Pacific Company, 114, 137.
(*b*) Electric Lines, 128–136:
Boston Elevated Railway Company, 128.
Brooklyn Rapid Transit System, 131.
Denver City Tramway System, 129.
New Bedford (Massachusetts) Electric Lines, 132.
Omaha Railway, 131.
Philadelphia Rapid Transit Company, 132.
Public Service Corporation of New Jersey, 134.
United Traction and Electric Company, 135.
West Penn Railways Company, 134.
(*c*) Steamship Companies, 136–138:
Atlantic Steamship Lines and Pacific Mail Steamship Company, 137.
New England Navigation Company, 137.
Old Dominion Steamship Company, 137.
Unemployment:
Benefits for, 37.
Numbers, 32–35.

Over Age Forty, 36.
Proportion of Workers, 32.
Through Sickness and Accident, 26–29.
Time Lost, 30–31.
Wages Affected by, 32.
Unrest:
In England, 260.
Worldwide, Described, 240–242.
Wage-earners:
Accidents, 26.
Dependent, 9.
Expenses of, in Illness, 27, 28.
Illness, 26–29.
Intemperate, 33, 258–259.
Number in United States, 3, 295.
Number over Sixty-five, 3, 5, 6, 12, 14, 324.
Physical Condition of, 29.
Savings of, 12, 25, 27, 28, 248, 249, 253, 257, 259, 267, 268, 281.
Thrift among, 249, 259, 337.
Time Lost, 30–31.
Unable to Purchase Annuities, 267, 269, 270.
Unemployed, 32–35.
Wages:
Average, 49.
Census Summaries, 49.
Deductions from, for Pensions, 271–282.
Effects of Adequate, 260–261.
Forecast of, 49–50.
How Fixed, 38.
Inadequate, 40, 46, 248, 249, 251, 255, 296.
Increase of, 43–47.
In Various Industries, 49.
Low Daily, 41–43.
Minimum Standard, 39, 41–46, 249.
Occupational, 40, 49.
Sub-standard, 41.
To Civic Inefficients, 225.
Variation by Industries, 47.

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